



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

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

|                                 |                         |
|---------------------------------|-------------------------|
| Mr. Ariful Islam                | Chairman                |
| Mr. Mohammad Shoaib, CFA        | Chief Executive Officer |
| Mr. Muhammad Abdullah Ahmed     | Nominee Director - MBL  |
| Mr. Mohammad Furquan R Kidwai   | Independent Director    |
| Mr. Ijaz Farooq                 | Nominee Director - MBL  |
| Mr. Moin M. Fudda               | Independent Director    |
| Ms. Saima 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](http://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          | -       | -        | -       |
| <b>Total</b>                       | <b>693</b>       | <b>385</b> | <b>324</b>   | <b>261</b> | -       | -        | -       |



## 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      | <b>Net Asset Value</b><br>(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"> <li>Tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>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</li> <li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li> </ul> |

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)  |      |                     |                  |                  |                   |                     |                   |
| <b>Assets</b>   |      |                     |                  |                  |                   |                     |                   |
| 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               |
| <b>Total assets</b>   |      | <b>369,965</b>      | <b>206,698</b>   | <b>224,294</b>   | <b>604,481</b>    | <b>1,405,438</b>    | <b>477,259</b>    |
| <b>Liabilities</b>  |      |                     |                  |                  |                   |                     |                   |
| 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             |
| <b>Total liabilities</b>  |      | <b>4,893</b>        | <b>3,659</b>     | <b>2,516</b>     | <b>11,771</b>     | <b>22,839</b>       | <b>6,212</b>      |
| <b>NET ASSETS</b>   |      | <b>365,072</b>      | <b>203,039</b>   | <b>221,778</b>   | <b>592,710</b>    | <b>1,382,599</b>    | <b>471,047</b>    |
| <b>UNIT HOLDERS' FUND (as per statement attached)</b>                   |      | <b>365,072</b>      | <b>203,039</b>   | <b>221,778</b>   | <b>592,710</b>    | <b>1,382,599</b>    | <b>471,047</b>    |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                    |      |                     |                  |                  |                   |                     |                   |
| (Number of units)   |      |                     |                  |                  |                   |                     |                   |
| <b>NUMBER OF UNITS IN ISSUE</b>   |      | <b>6,273,536</b>    | <b>3,762,017</b> | <b>4,061,839</b> | <b>12,414,152</b> |                     | <b>10,199,830</b> |
| (Rupees)  |      |                     |                  |                  |                   |                     |                   |
| <b>NET ASSET VALUE PER UNIT</b>   |      | <b>58.1924</b>      | <b>53.9707</b>   | <b>54.6004</b>   | <b>47.7447</b>    |                     | <b>46.1818</b>    |

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)  |      |                     |                  |                  |                   |                   |                  |                   |                   |
| <b>Assets</b>   |      |                     |                  |                  |                   |                   |                  |                   |                   |
| 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               |
| <b>Total assets</b>   |      | <b>501,606</b>      | <b>312,705</b>   | <b>292,792</b>   | <b>840,742</b>    | <b>518,127</b>    | <b>2,465,972</b> | <b>710,816</b>    | <b>2,233,033</b>  |
| <b>Liabilities</b>  |      |                     |                  |                  |                   |                   |                  |                   |                   |
| Payable to AI 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            |
| <b>Total liabilities</b>  |      | <b>4,819</b>        | <b>3,610</b>     | <b>2,324</b>     | <b>11,828</b>     | <b>10,390</b>     | <b>32,971</b>    | <b>20,816</b>     | <b>42,882</b>     |
| <b>NET ASSETS</b>   |      | <b>496,787</b>      | <b>309,095</b>   | <b>290,468</b>   | <b>828,914</b>    | <b>507,737</b>    | <b>2,433,001</b> | <b>690,000</b>    | <b>2,190,151</b>  |
| <b>UNIT HOLDERS' FUND</b> (as per statement attached)                   |      | <b>496,787</b>      | <b>309,095</b>   | <b>290,468</b>   | <b>828,914</b>    | <b>507,737</b>    | <b>2,433,001</b> | <b>690,000</b>    | <b>2,190,151</b>  |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                    | 12   |                     |                  |                  |                   |                   |                  |                   |                   |
| (Number of units)   |      |                     |                  |                  |                   |                   |                  |                   |                   |
| <b>NUMBER OF UNITS IN ISSUE</b>   |      | <b>7,068,186</b>    | <b>4,604,291</b> | <b>4,450,352</b> | <b>14,144,960</b> | <b>10,826,249</b> |                  | <b>13,799,997</b> | <b>43,803,025</b> |
| (Rupees)  |      |                     |                  |                  |                   |                   |                  |                   |                   |
| <b>NET ASSET VALUE PER UNIT</b>   |      | <b>70.2849</b>      | <b>67.1319</b>   | <b>65.2685</b>   | <b>58.6014</b>    | <b>46.8987</b>    |                  | <b>50.0000</b>    | <b>50.0000</b>    |

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**  
**INCOME STATEMENT**  
**FOR THE PERIOD / YEAR ENDED JULY 24, 2018 AND JUNE 30, 2019**

|   | For the year ended June 30, 2019 |          |              |          |           | From July 01,<br>to July 24,<br>2018 |         |
|---|----------------------------------|----------|--------------|----------|-----------|--------------------------------------|---------|
|   | Aggressive                       | Moderate | Conservative | MAAP-I   | Total     | MAAP-IV                              |         |
| Note ----- (Rupees in '000) -----   |                                  |          |              |          |           |                                      |         |
| <b>Income</b>   |                                  |          |              |          |           |                                      |         |
| 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)                            | -       |
| <b>Total loss</b>   |                                  | (82,302) | (22,251)     | (1,586)  | (139,933) | (246,072)                            | (7,627) |
| <b>Expenses</b>   |                                  |          |              |          |           |                                      |         |
| Remuneration to AI Meezan Investment Management Limited - Management Company  | 8.1                              | 72       | 43           | 66       | 61        | 242                                  | 69      |
| Sindh Sales Tax on remuneration of the Management Company   | 8.2                              | 9        | 5            | 9        | 8         | 31                                   | 9       |
| Allocated expenses  | 8.3                              | 464      | 244          | 250      | 738       | 1,696                                | 32      |
| Remuneration to Central Depository Company of Pakistan Limited - Trustee  | 9.1                              | 415      | 218          | 224      | 661       | 1,518                                | 27      |
| Sindh Sales Tax on remuneration of the Trustee  | 9.2                              | 54       | 28           | 29       | 86        | 197                                  | 4       |
| Annual fee to Securities and Exchange Commission of Pakistan  | 10                               | 441      | 232          | 237      | 702       | 1,612                                | 30      |
| Auditors' remuneration  | 14                               | 151      | 81           | 83       | 245       | 560                                  | 9       |
| Fees and subscription   |                                  | 80       | 42           | 43       | 127       | 292                                  | 4       |
| Bank and settlement charges   |                                  | 11       | 6            | 7        | 7         | 31                                   | -       |
| Printing charges  |                                  | 63       | 35           | 34       | 101       | 233                                  | 3       |
| <b>Total expenses</b>   |                                  | 1,760    | 934          | 982      | 2,736     | 6,412                                | 187     |
| <b>Net loss for the year / period before taxation</b>   |                                  | (84,062) | (23,185)     | (2,568)  | (142,669) | (252,484)                            | (7,814) |
| Taxation  | 16                               | -        | -            | -        | -         | -                                    | -       |
| <b>Net loss for the year / period after taxation</b>  |                                  | (84,062) | (23,185)     | (2,568)  | (142,669) | (252,484)                            | (7,814) |
| <b>Allocation of net income for the year / period</b>   |                                  |          |              |          |           |                                      |         |
| 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) -----  |            |          |              |          |          |           |  |                                      |
| <b>Income</b>  |            |          |              |          |          |           |  |                                      |
| 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)                              | -                                    |
| <b>Total loss</b>  |            | (70,468) | (25,681)     | (5,830)  | (62,007) | (99,204)  | (263,190)                              | (134,780)                            |
| <b>Expenses</b>  |            |          |              |          |          |           |  |                                      |
| 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                                   |
| <b>Total expenses</b>  |            | 1,850    | 1,162        | 1,341    | 3,384    | 2,043     | 9,780                                  | 1,434                                |
| <b>Net loss for the year / period before taxation</b>  |            | (72,318) | (26,843)     | (7,171)  | (65,391) | (101,247) | (272,970)                              | (136,214)                            |
| Taxation   | 16         | -        | -            | -        | -        | -         | -                                      | -                                    |
| <b>Net loss for the year / period after taxation</b>   |            | (72,318) | (26,843)     | (7,171)  | (65,391) | (101,247) | (272,970)                              | (136,214)                            |
| <b>Allocation of net income for the period</b>   |            |          |              |          |          |           |  |                                      |
| 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 | -                                | -               | -              | -                | -                | -                              |
| <b>Total comprehensive loss for the year / period</b>     | <b>(84,062)</b>                  | <b>(23,185)</b> | <b>(2,568)</b> | <b>(142,669)</b> | <b>(252,484)</b> | <b>(7,814)</b>                 |

|   | 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 | -                                | -               | -              | -               | -                | -                | -                                      | -                                    |
| <b>Total comprehensive loss for the year / period</b>     | <b>(72,318)</b>                  | <b>(26,843)</b> | <b>(7,171)</b> | <b>(65,391)</b> | <b>(101,247)</b> | <b>(272,970)</b> | <b>(136,214)</b>                       | <b>(360,748)</b>                     |

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        |
| <b>Issuance of units:</b>   |                  |                      |                |                  |                      |                |                  |                      |                |                  |                      |                |                  |                      |                  |                                     |                  |                |
| 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          | -                                   | -                | -              |
| <b>Issue of bonus units, for the year ended June 30, 2019</b>                       |                  |                      |                |                  |                      |                |                  |                      |                |                  |                      |                |                  |                      |                  |                                     |                  |                |
| Moderate @ 14%, 432,986 units and Conservative @ 20%, 629,498 Units                 | -                | -                    | -              | 23,303           | -                    | 23,303         | 34,323           | -                    | 34,323         | -                | -                    | -              | 57,626           | -                    | 57,626           | -                                   | -                | -              |
| <b>Redemption of units:</b>   |                  |                      |                |                  |                      |                |                  |                      |                |                  |                      |                |                  |                      |                  |                                     |                  |                |
| 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)        |
| <b>Net assets at end of the year / period</b>                                       | <b>347,237</b>   | <b>17,835</b>        | <b>365,072</b> | <b>166,989</b>   | <b>36,050</b>        | <b>203,039</b> | <b>178,157</b>   | <b>43,621</b>        | <b>221,778</b> | <b>537,356</b>   | <b>55,354</b>        | <b>592,710</b> | <b>1,229,739</b> | <b>152,860</b>       | <b>1,382,599</b> | <b>502,556</b>                      | <b>(31,509)</b>  | <b>471,047</b> |
| 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)         |                |
|   |                  | <b>Rupees</b>        |                |                  | <b>Rupees</b>        |                |                  | <b>Rupees</b>        |                |                  | <b>Rupees</b>        |                |                  | <b>Rupees</b>        |                  |                                     | <b>Rupees</b>    |                |
| 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<br>Aggressive<br>(Rupees in '000) |                      |                | June 30, 2018<br>Moderate<br>(Rupees in '000) |                      |                | June 30, 2018<br>Conservative<br>(Rupees in '000) |                      |                | June 30, 2018<br>MAAP-I<br>(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      |
| <b>Issuance of units:</b>   |   |                      |                |   |                      |                |   |                      |                |   |                      |                |
| Aggressive: 5,216,457 units / Moderate: 2,835,955 units /<br>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)       |
| <b>Total proceeds on issuance of units</b>  | <b>390,021</b>                                  | <b>-</b>             | <b>390,021</b> | <b>199,721</b>                                | <b>-</b>             | <b>199,721</b> | <b>292,589</b>                                    | <b>-</b>             | <b>292,589</b> | <b>393,411</b>                              | <b>-</b>             | <b>393,411</b> |
| <b>Redemption of units:</b>   |   |                      |                |   |                      |                |   |                      |                |   |                      |                |
| Aggressive: 5,941,035 units / Moderate: 3,892,591 units /<br>Conservative: 6,224,413 units / MAAP I: 12,522,103 units /<br>MAAP II: 2,752,168 units / MAAP III: 6,626,975 units /<br>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)       |
| <b>Total payments on redemption of units</b>  | <b>443,050</b>                                  | <b>-</b>             | <b>443,050</b> | <b>271,592</b>                                | <b>-</b>             | <b>271,592</b> | <b>408,347</b>                                    | <b>-</b>             | <b>408,347</b> | <b>750,418</b>                              | <b>-</b>             | <b>750,418</b> |
| 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)       |
| <b>Net assets at end of the year / period</b>   | <b>394,890</b>                                  | <b>101,897</b>       | <b>496,787</b> | <b>226,557</b>                                | <b>82,538</b>        | <b>309,095</b> | <b>209,956</b>                                    | <b>80,512</b>        | <b>290,468</b> | <b>630,891</b>                              | <b>198,023</b>       | <b>828,914</b> |
| 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              |                |
|   | <b>Rupees</b>                                   |                      |                | <b>Rupees</b>                                 |                      |                | <b>Rupees</b>                                     |                      | <b>Rupees</b>  |   |                      | <b>Rupees</b>  |
| 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    |   |                | June 30, 2018    |                      |                  | For the period from July 01, 2017 to January 11, 2018 |                      |                | For the period from July 01, 2017 to March 30, 2018 |                      |                  |
|--|------------------|---|----------------|------------------|----------------------|------------------|---|----------------------|----------------|---|----------------------|------------------|
|  | MAAP-IV          |   |                | Total            |                      |                  | MAAP-II   |                      |                | MAAP-III  |                      |                  |
|  | (Rupees in '000) |   |                | (Rupees in '000) |                      |                  | (Rupees in '000)                                      |                      |                | (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        |
| <b>Issuance of units:</b>  |                  |   |                |                  |                      |                  |   |                      |                |   |                      |                  |
| 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  | -                | -   | -              | -                | -                    | -                | -   | -                    | -              | -   | -                    | -                |
| <b>Total proceeds on issuance of units</b>   | -                | -   | -              | <b>1,275,742</b> | <b>-</b>             | <b>1,275,742</b> | <b>44,005</b>   | <b>-</b>             | <b>44,005</b>  | <b>159,792</b>                                      | <b>-</b>             | <b>159,792</b>   |
| <b>Redemption of units:</b>  |                  |   |                |                  |                      |                  |   |                      |                |   |                      |                  |
| 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   | -                | -   | -              | -                | -                    | -                | -   | -                    | -              | -   | -                    | -                |
| <b>Total payments on redemption of units</b>   | <b>251,260</b>   | <b>-</b>                                  | <b>251,260</b> | <b>2,124,667</b> | <b>-</b>             | <b>2,124,667</b> | <b>150,069</b>  | <b>-</b>             | <b>150,069</b> | <b>365,140</b>                                      | <b>-</b>             | <b>365,140</b>   |
| 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)        |
| <b>Net assets at end of the year / period</b>  | <b>531,432</b>   | <b>(23,695)</b>                           | <b>507,737</b> | <b>1,993,726</b> | <b>439,275</b>       | <b>2,433,001</b> | <b>671,677</b>  | <b>18,323</b>        | <b>690,000</b> | <b>2,134,005</b>                                    | <b>56,146</b>        | <b>2,190,151</b> |
| 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.

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)  |                                  |                 |                 |                 |                  |                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                  |                 |                 |                 |                  |                     |
| Net loss for the year / period before taxation  | (84,062)                         | (23,185)        | (2,568)         | (142,669)       | (252,484)        | (7,814)             |
| <b>Adjustments for</b>  |                                  |                 |                 |                 |                  |                     |
| 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)             |
| <b>Decrease / (increase) in assets</b>  |                                  |                 |                 |                 |                  |                     |
| 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              |
| <b>(Decrease) / Increase in liabilities</b>   |                                  |                 |                 |                 |                  |                     |
| 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                  |
| <b>Net cash generated from operating activities</b>   | <b>49,516</b>                    | <b>84,210</b>   | <b>60,971</b>   | <b>89,056</b>   | <b>283,753</b>   | <b>34,221</b>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                  |                 |                 |                 |                  |                     |
| 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)            |
| <b>Net cash used in financing activities</b>  | <b>(47,650)</b>                  | <b>(82,809)</b> | <b>(65,951)</b> | <b>(93,535)</b> | <b>(289,945)</b> | <b>(33,108)</b>     |
| 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               |
| <b>Cash and cash equivalents at end of the year / period</b>                                      | <b>5,765</b>                     | <b>4,366</b>    | <b>4,861</b>    | <b>725</b>      | <b>15,717</b>    | <b>4,045</b>        |

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) .....  |   |           |              |           |           |             |  |                                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |           |              |           |           |             |  |                                      |
| Net loss for the year / period before taxation   | (72,318)                                  | (26,843)  | (7,171)      | (65,391)  | (101,247) | (272,970)   | (136,214)                              | (360,748)                            |
| <b>Adjustments for:</b>  |   |           |              |           |           |             |  |                                      |
| 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)                            |
| <b>Decrease / (increase) in assets</b>   |   |           |              |           |           |             |  |                                      |
| 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                              |
| <b>Increase / (decrease) in liabilities</b>  |   |           |              |           |           |             |  |                                      |
| Payable to AI 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)                              |
| <b>Net cash generated from operating activities</b>  | 56,239                                    | 104,789   | 136,831      | 360,502   | 247,413   | 905,774     | 148,825                                | 392,116                              |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |   |           |              |           |           |             |  |                                      |
| 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)     | -                                      | -                                    |
| <b>Net cash used in financing activities</b>   | (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                               |
| <b>Cash and cash equivalents at end of the year / period</b>   | 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.

AM 1 ~

**For AI 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<br>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<br>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<br>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<br>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<br>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 ----- |           |           |
| <b>Assets</b>  |                            |           |           |
| Balances with banks  | 7,432                      | 23,102    | 5,288     |
| <b>Liabilities</b>   |                            |           |           |
| 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     |
| <b>Net assets</b>  | -                          | -         | -         |

\* 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.

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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<br>January 11,<br>2018 | As at March<br>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<br>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<br>January 11,<br>2018 | As at March<br>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)  |                                   |
| <b>Aggressive Allocation Plan</b>                 |                               |                           |                      |                                       |  |  |  |   |                                   |
| 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>                     |
| <b>Moderate Allocation Plan</b>                   |                               |                           |                      |                                       |  |  |  |   |                                   |
| 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>                     |
| <b>Conservative Allocation Plan</b>               |                               |                           |                      |                                       |  |  |  |   |                                   |
| 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>                     |
| <b>Meezan Asset Allocation Plan I</b>             |                               |                           |                      |                                       |  |  |  |   |                                   |
| 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>                     |
| <b>Meezan Asset Allocation Plan IV</b>            |                               |                           |                      |                                       |  |  |  |   |                                   |
| 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>                          |
| <b>Total investments in units of mutual Funds</b> |                               |                           |                      |                                       |  |  |  |   |                                   |
| 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%  |



|                              | As at June 30, 2018 |          |              |        |         |
|------------------------------|---------------------|----------|--------------|--------|---------|
|                              | Aggressive          | Moderate | Conservative | MAAP I | MAAP IV |
| Total Expense Ratio (TER)    | 0.34%               | 0.34%    | 0.40%        | 0.37%  | 0.32%   |
| Government levy and SECP fee | 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)    |          |              |        |         |                     |
| <b>Al Meezan Investment Management Limited - Management Company</b> |                     |          |              |        |         |                     |
| 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 | -                   |
| <b>Meezan Bank Limited</b>  |                     |          |              |        |         |                     |
| 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       | -                   |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>     |                     |          |              |        |         |                     |
| 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                   |
| <b>Directors and Executives of the Management Company</b>           |                     |          |              |        |         |                     |
| 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             |
| <b>Meezan Islamic Fund</b>                                |                     |           |              |            |            |                     |
| 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  | -                   |
| <b>Meezan Sovereign Fund</b>                              |                     |           |              |            |            |                     |
| Investment (Rs in '000)                                   | -                   | -         | -            | 194,373    | 194,373    | -                   |
| Investment (Units)  | -                   | -         | -            | 3,775,282  | 3,775,282  | -                   |
| <b>AI Meezan Mutual Fund</b>                              |                     |           |              |            |            |                     |
| Investment (Rs in '000)                                   | -                   | -         | -            | 531        | 531        | -                   |
| Investment (Units)  | -                   | -         | -            | 39,791     | 39,791     | -                   |
| <b>Meezan Cash Fund</b>                                   |                     |           |              |            |            |                     |
| 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  | -                   |
| <b>Meezan Islamic Income Fund</b>                         |                     |           |              |            |            |                     |
| Investment (Rs in '000)                                   | 45,328              | 50,431    | 82,144       | -          | 177,903    | -                   |
| Investment (Units)  | 882,014             | 981,320   | 1,598,388    | -          | 3,461,722  | -                   |
| <b>Meezan Dedicated Equity Fund</b>                       |                     |           |              |            |            |                     |
| Investment (Rs in '000)                                   | -                   | -         | -            | 400,208    | 400,208    | -                   |
| Investment (Units)  | -                   | -         | -            | 11,269,149 | 11,269,149 | -                   |
| <b>Unit Holders holding 10% or more units of the Fund</b> |                     |           |              |            |            |                     |
| 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 |
| <b>AI Meezan Investment Management Limited - Management Company</b> |                     |           |              |            |           |                        |                      |          |
| 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                | -                    | -        |
| <b>Meezan Bank Limited</b>  |                     |           |              |            |           |                        |                      |          |
| 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                     | -                    | -        |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>     |                     |           |              |            |           |                        |                      |          |
| 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       |
| <b>Directors and Executives of the Management Company</b>           |                     |           |              |            |           |                        |                      |          |
| Investment (Rs in '000)   | 499                 | 0         | 0            | -          | -         | 499                    | -                    | -        |
| Investment (Units)  | 7,100               | 2         | 2            | -          | -         | 7,104                  | -                    | -        |
| <b>Meezan Islamic Fund</b>  |                     |           |              |            |           |                        |                      |          |
| 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             | -                    | -        |
| <b>Meezan Sovereign Fund</b>  |                     |           |              |            |           |                        |                      |          |
| Investment (Rs in '000)   | -                   | -         | -            | 20         | -         | 20                     | -                    | -        |
| Investment (Units)  | -                   | -         | -            | 385        | -         | 385                    | -                    | -        |
| <b>AI Meezan Mutual Fund</b>  |                     |           |              |            |           |                        |                      |          |
| Investment (Rs in '000)   | -                   | -         | -            | 703        | 23,034    | 23,737                 | -                    | -        |
| Investment (Units)  | -                   | -         | -            | 39,791     | 1,304,322 | 1,344,113              | -                    | -        |
| <b>Meezan Cash Fund</b>   |                     |           |              |            |           |                        |                      |          |
| 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              | -                    | -        |
| <b>Meezan Islamic Income Fund</b>                                   |                     |           |              |            |           |                        |                      |          |
| 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              | -                    | -        |
| <b>Meezan Dedicated Equity Fund</b>                                 |                     |           |              |            |           |                        |                      |          |
| Investment (Rs in '000)   | -                   | -         | -            | 619,301    | 103,711   | 723,012                | -                    | -        |
| Investment (Units)  | -                   | -         | -            | 12,759,249 | 2,136,720 | 14,895,969             | -                    | -        |

|   | As at June 30, 2018              |          |              |           |           |            | As at January<br>11, 2018 | As at March<br>30, 2018                  |  |
|---|----------------------------------|----------|--------------|-----------|-----------|------------|---------------------------|--|--|
|   | Aggressive                       | Moderate | Conservative | MAAP I    | MAAP IV   | Total      | MAAP-II                   | MAAP-III                                 |  |
| <b>Unit Holders holding 10% or more units of the Fund</b>           |                                  |          |              |           |           |            |                           |  |  |
| Investment (Rs in '000)   | 222,600                          | 54,635   | 48,186       | 341,467   | 195,397   | 862,285    | -                         | -  |  |
| Investment (Units)  | 3,167,104                        | 813,850  | 738,269      | 5,826,939 | 4,166,358 | 14,712,520 | -                         | -  |  |
|   | For the year ended June 30, 2019 |          |              |           |           |            |                           | For the period<br>ended July 24,<br>2018 |  |
|   | Aggressive                       | Moderate | Conservative | MAAP I    | Total     | MAAP IV    |                           |  |  |
| <b>AI Meezan Investment Management Limited - Management Company</b> |                                  |          |              |           |           |            |                           |  |  |
| Remuneration for the year / period (Rs in '000)                     | 72                               | 43       | 66           | 61        | 242       | 69         |                           |  |  |
| Sindh Sales Tax on management fee (Rs in '000)                      | 9                                | 5        | 9            | 8         | 31        | 9          |                           |  |  |
| Allocated expense (Rs in '000)                                      | 464                              | 244      | 250          | 738       | 1,696     | 32         |                           |  |  |
| Bonus Issue (Rs in '000)  | -                                | -        | 1,060        | -         | 1,060     | -          |                           |  |  |
| Bonus Issue (Units)   | -                                | -        | 19,435       | -         | 19,435    | -          |                           |  |  |
| <b>Meezan Bank Limited</b>  |                                  |          |              |           |           |            |                           |  |  |
| Profit on saving account (Rs in '000)                               | 216                              | 145      | 221          | 194       | 776       | 152        |                           |  |  |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>     |                                  |          |              |           |           |            |                           |  |  |
| Trustee fee for the year / period (Rs in '000)                      | 415                              | 218      | 224          | 661       | 1,518     | 27         |                           |  |  |
| Sindh Sales Tax on trustee fee (Rs in '000)                         | 54                               | 28       | 29           | 86        | 197       | 4          |                           |  |  |
| <b>Directors and Executives of the Management Company</b>           |                                  |          |              |           |           |            |                           |  |  |
| Invested during the year / period (Rs in '000)                      | 28,713                           | 11,037   | 29,818       | -         | 69,568    | -          |                           |  |  |
| Invested during the year / period (Units)                           | 429,107                          | 164,898  | 454,413      | -         | 1,048,418 | -          |                           |  |  |
| Amount redeemed during the year / period (Rs in '000)               | 29,725                           | 11,026   | 28,102       | -         | 68,853    | -          |                           |  |  |
| Redeemed during the year / period (Units)                           | 441,341                          | 164,897  | 429,328      | -         | 1,035,566 | -          |                           |  |  |
| Bonus Issue (Rs. '000)  | -                                | -        | 251          | -         | 251       | -          |                           |  |  |
| Bonus Issue (Units)   | -                                | -        | 4,601        | -         | 4,601     | -          |                           |  |  |
| <b>Meezan Islamic Fund</b>  |                                  |          |              |           |           |            |                           |  |  |
| Invested during the year / period (Rs. in '000)                     | 49,654                           | 22,096   | 22,559       | 34,250    | 128,559   | -          |                           |  |  |
| Invested during the year / period (Units)                           | 897,307                          | 421,442  | 417,630      | 660,324   | 2,396,703 | -          |                           |  |  |
| Redeemed during the year / period (Rs. in '000)                     | 58,020                           | 43,846   | 22,528       | 25,369    | 149,763   | 249,454    |                           |  |  |
| Redeemed during the year / period (Units)                           | 1,084,575                        | 750,039  | 385,162      | 488,951   | 2,708,727 | 3,990,160  |                           |  |  |
| <b>Meezan Sovereign Fund</b>  |                                  |          |              |           |           |            |                           |  |  |
| Invested during the year / period (Rs. in '000)                     | -                                | -        | -            | 214,605   | 214,605   | -          |                           |  |  |
| Invested during the year / period (Units)                           | -                                | -        | -            | 3,920,221 | 3,920,221 | -          |                           |  |  |
| Redeemed during the year / period (Rs. in '000)                     | -                                | -        | -            | 8,000     | 8,000     | -          |                           |  |  |
| Redeemed during the year / period (Units)                           | -                                | -        | -            | 145,324   | 145,324   | -          |                           |  |  |
| Dividend received during the year / period (Rs. in '000)            | -                                | -        | -            | 407       | 407       | -          |                           |  |  |
| Dividend received during the year / period (Units)                  | -                                | -        | -            | 7,907     | 7,907     | -          |                           |  |  |
| Refund of capital during the year / period (Rs. in '000)            | -                                | -        | -            | 12,267    | 12,267    | -          |                           |  |  |
| Refund of capital during the year / period (Units)                  | -                                | -        | -            | 238,257   | 238,257   | -          |                           |  |  |
| <b>Meezan Cash Fund</b>   |                                  |          |              |           |           |            |                           |  |  |
| Invested during the year / period (Rs. in '000)                     | 9,188                            | 6,969    | 20,676       | 1,254     | 38,087    | 371,833    |                           |  |  |
| Invested during the year / period (Units)                           | 180,787                          | 138,048  | 405,237      | 24,848    | 748,920   | 7,368,899  |                           |  |  |
| Redeemed during the year / period (Rs. in '000)                     | 24,645                           | 31,738   | 41,208       | 30,010    | 127,601   | 421,491    |                           |  |  |
| Redeemed during the year / period (Units)                           | 464,971                          | 610,386  | 793,586      | 581,026   | 2,449,969 | 8,331,559  |                           |  |  |
| Dividend received during the year / period (Rs. in '000)            | 5,504                            | 6,398    | 9,645        | 886       | 22,433    | 1,833      |                           |  |  |
| Dividend received during the year / period (Units)                  | 109,137                          | 126,862  | 191,254      | 17,559    | 444,810   | 36,347     |                           |  |  |
| Refund of capital during the year / period (Rs. in '000)            | 328                              | 428      | 649          | 368       | 1,773     | 251        |                           |  |  |
| Refund of capital during the year / period (Units)                  | 6,497                            | 8,496    | 12,863       | 7,289     | 35,145    | 4,978      |                           |  |  |
| <b>AI Meezan Mutual Fund</b>  |                                  |          |              |           |           |            |                           |  |  |
| Redeemed during the year / period (Rs. in '000)                     | -                                | -        | -            | -         | -         | 21,964     |                           |  |  |
| Redeemed during the year / period (Units)                           | -                                | -        | -            | -         | -         | 1,304,322  |                           |  |  |
| <b>Meezan Islamic Income Fund</b>                                   |                                  |          |              |           |           |            |                           |  |  |
| Invested during the year / period (Rs. in '000)                     | 9,272                            | 7,057    | 20,815       | 87,139    | 124,283   | 1,736      |                           |  |  |
| Invested during the year / period (Units)                           | 179,015                          | 137,123  | 400,306      | 1,636,587 | 2,353,031 | 63,875     |                           |  |  |
| Redeemed during the year / period (Rs. in '000)                     | 24,759                           | 31,858   | 41,377       | 280,151   | 378,145   | 80,267     |                           |  |  |
| Redeemed during the year / period (Units)                           | 458,138                          | 600,946  | 781,822      | 5,104,519 | 6,945,425 | 1,558,092  |                           |  |  |
| Dividend received during the year / period (Rs. in '000)            | 5,558                            | 6,480    | 9,743        | 4,610     | 26,391    | 1,736      |                           |  |  |
| Dividend received during the year / period (Units)                  | 108,159                          | 126,104  | 189,589      | 89,709    | 513,561   | 33,786     |                           |  |  |
| Refund of capital during the year / period (Rs. in '000)            | 300                              | 373      | 600          | 3,003     | 4,276     | 1,544      |                           |  |  |
| Refund of capital during the year / period (Units)                  | 5,834                            | 7,272    | 11,679       | 58,438    | 83,223    | 30,048     |                           |  |  |
| <b>Meezan Dedicated Equity Fund</b>                                 |                                  |          |              |           |           |            |                           |  |  |
| Invested during the year / period (Rs. in '000)                     | -                                | -        | -            | 34,000    | 34,000    | -          |                           |  |  |
| Invested during the year / period (Units)                           | -                                | -        | -            | 825,518   | 825,518   | -          |                           |  |  |
| Redeemed during the year / period (Rs. in '000)                     | -                                | -        | -            | 97,691    | 97,691    | 99,023     |                           |  |  |
| Redeemed during the year / period (Units)                           | -                                | -        | -            | 2,315,618 | 2,315,618 | 2,136,720  |                           |  |  |

|   | 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                             |
| <b>AI Meezan Investment Management Limited - Management Company</b> |                                  |           |              |            |           |            |  |                                      |
| 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                            |
| <b>Meezan Bank Limited</b>  |                                  |           |              |            |           |            |  |                                      |
| Profit on saving account (Rs in '000)                               | 176                              | 98        | 163          | 450        | 48        | 935        | 184                                    | 711                                  |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>     |                                  |           |              |            |           |            |  |                                      |
| 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                                  |
| <b>Directors and Executives of the Management Company</b>           |                                  |           |              |            |           |            |  |                                      |
| 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      | -                                      | -                                    |
| <b>Meezan Islamic Fund</b>  |                                  |           |              |            |           |            |  |                                      |
| 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                           |
| <b>Meezan Sovereign Fund</b>  |                                  |           |              |            |           |            |  |                                      |
| 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                              | -                                    |
| <b>Meezan Cash Fund</b>   |                                  |           |              |            |           |            |  |                                      |
| 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                           |
| <b>AI Meezan Mutual Fund</b>  |                                  |           |              |            |           |            |  |                                      |
| 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                           |
| <b>Meezan Islamic Income Fund</b>                                   |                                  |           |              |            |           |            |  |                                      |
| 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                           |
| <b>KSE Meezan Index Fund</b>  |                                  |           |              |            |           |            |  |                                      |
| 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  | -                                      | -                                    |
| <b>Meezan Dedicated Equity Fund</b>                                 |                                  |           |              |            |           |            |  |                                      |
| 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 |
|--|--------|---|---|-----------|-----------|

**Off-balance sheet financial instruments**

|  |   |   |   |   |   |
|--|---|---|---|---|---|
|  | - | - | - | - | - |
|--|---|---|---|---|---|

**Off-balance sheet gap**

|  |   |   |   |   |   |
|--|---|---|---|---|---|
|  | - | - | - | - | - |
|--|---|---|---|---|---|

**Total profit rate sensitivity gap**

|  |        |   |   |  |  |
|--|--------|---|---|--|--|
|  | 15,260 | - | - |  |  |
|--|--------|---|---|--|--|

**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> |
|--|---------------|----------|----------|------------------|------------------|

**Off-balance sheet financial instruments**

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
|  | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
|--|----------|----------|----------|----------|----------|

**Off-balance sheet gap**

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
|  | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
|--|----------|----------|----------|----------|----------|

**Total profit rate sensitivity gap**

|  |               |          |          |  |  |
|--|---------------|----------|----------|--|--|
|  | <u>12,614</u> | <u>-</u> | <u>-</u> |  |  |
|--|---------------|----------|----------|--|--|

**Cumulative profit rate sensitivity gap**

|  |               |               |               |  |  |
|--|---------------|---------------|---------------|--|--|
|  | <u>12,614</u> | <u>12,614</u> | <u>12,614</u> |  |  |
|--|---------------|---------------|---------------|--|--|

### 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) -----  |                |   |  |                   |  |                  |
| <b>Financial assets</b>   |                |   |  |                   |  |                  |
| 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        |
| <b>Financial liabilities</b>  |                |   |  |                   |  |                  |
| 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) -----  |                |   |  |                   |  |                  |
| <b>Financial assets</b>   |                |   |  |                   |  |                  |
| 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        |
| <b>Financial liabilities</b>  |                |   |  |                   |  |                  |
| 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) -----           |  |                                 |  |                                 |
| <b>FINANCIAL ASSETS</b>                |  |                                 |  |                                 |
| 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).

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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 |
| 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             |
| 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       | MCPPI     | MCPPII                 |                      |
| 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       | MCPPI         | MCPPII        |
| 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         |
| <b>Total</b>                    | <b>693</b>                         | <b>365,072</b>                 | <b>100.00</b>                   | <b>573</b>                         | <b>496,787</b>                 | <b>100.00</b> |

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         |
| <b>Total</b>                    | <b>385</b>                         | <b>203,039</b>                 | <b>100.00</b>                   | <b>378</b>                         | <b>309,095</b>                 | <b>100.00</b> |

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          |
| <b>Total</b>                    | <b>324</b>                         | <b>221,778</b>                 | <b>100.00</b>                   | <b>317</b>                         | <b>290,468</b>                 | <b>100.00</b> |

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                          |
| <b>Total</b>     | <b>261</b>                      | <b>592,710</b>                     | <b>100.00</b>                  | <b>330</b>                      | <b>828,914</b>                     | <b>100.00</b>                  |

|                  | 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                           |
| <b>Total</b>     | <b>154</b>                      | <b>471,047</b>                     | <b>100.00</b>                  | <b>162</b>                      | <b>507,737</b>                     | <b>100.00</b>                  |

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

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

|                                 |                         |
|---------------------------------|-------------------------|
| Mr. Ariful Islam                | Chairman                |
| Mr. Mohammad Shoaib, CFA        | Chief Executive Officer |
| Mr. Muhammad Abdullah Ahmed     | Nominee Director - MBL  |
| Mr. Mohammad Furquan R Kidwai   | Independent Director    |
| Mr. Ijaz Farooq                 | Nominee Director - MBL  |
| Mr. Moin M. Fudda               | Independent Director    |
| Ms. Saima 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](http://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

|           | <b>Returns - FY19</b> |
|-----------|-----------------------|
| 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                |
| <b>Total</b>      | <b>562</b>       | <b>472</b>       | <b>359</b>       | <b>375</b>       | <b>198</b>       | <b>732</b>       |



# 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 *Shari'ah* 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 *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 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  
*Shari'ah* Advisor

**Head Office**

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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      | <b>Net Asset Value</b><br>(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"> <li>Tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>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</li> <li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li> </ul> |

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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 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) ----- |                               |                   |                   |                   |                  |                   |                  |
| <b>Assets</b>   |                              |                               |                   |                   |                   |                  |                   |                  |
| 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              |
| <b>Total assets</b>   |                              | <b>1,075,718</b>              | <b>729,408</b>    | <b>892,688</b>    | <b>1,008,392</b>  | <b>316,549</b>   | <b>1,104,118</b>  | <b>5,126,873</b> |
| <b>Liabilities</b>  |                              |                               |                   |                   |                   |                  |                   |                  |
| Payable to AI 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            |
| <b>Total liabilities</b>  |                              | <b>8,235</b>                  | <b>1,610</b>      | <b>1,557</b>      | <b>5,618</b>      | <b>553</b>       | <b>5,224</b>      | <b>22,796</b>    |
| <b>NET ASSETS</b>   |                              | <b>1,067,483</b>              | <b>727,798</b>    | <b>891,131</b>    | <b>1,002,774</b>  | <b>315,996</b>   | <b>1,098,894</b>  | <b>5,104,077</b> |
| <b>UNIT HOLDERS' FUND (as per statement attached)</b>                   |                              | <b>1,067,483</b>              | <b>727,798</b>    | <b>891,131</b>    | <b>1,002,774</b>  | <b>315,996</b>   | <b>1,098,894</b>  | <b>5,104,077</b> |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                    |                              |                               |                   |                   |                   |                  |                   |                  |
|   | 11                           | ----- (Number of units) ----- |                   |                   |                   |                  |                   |                  |
| <b>NUMBER OF UNITS IN ISSUE</b>   |                              | <b>29,262,088</b>             | <b>20,213,719</b> | <b>25,406,240</b> | <b>28,125,336</b> | <b>7,747,051</b> | <b>21,462,301</b> |                  |
|   |                              | ----- (Rupees) -----          |                   |                   |                   |                  |                   |                  |
| <b>NET ASSET VALUE PER UNIT</b>   |                              | <b>36.4801</b>                | <b>36.0051</b>    | <b>35.0753</b>    | <b>35.6538</b>    | <b>40.7893</b>   | <b>51.2011</b>    |                  |

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  
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) -----  |        |                               |                   |                   |                   |                   |                   |                  |
| <b>Assets</b>   |        |                               |                   |                   |                   |                   |                   |                  |
| 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               |
| <b>Total assets</b>   |        | <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> |
| <b>Liabilities</b>  |        |                               |                   |                   |                   |                   |                   |                  |
| 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            |
| <b>Total liabilities</b>  |        | <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>    |
| <b>NET ASSETS</b>   |        | <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> |
| <b>UNIT HOLDERS' FUND</b> (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> |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                    | 11     | ----- (Number of units) ----- |                   |                   |                   |                   |                   |                  |
| <b>NUMBER OF UNITS IN ISSUE</b>   |        | <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> |                  |
| <b>NET ASSET VALUE PER UNIT</b>   |        | ----- (Rupees) -----          |                   |                   |                   |                   |                   |                  |
|   |        | <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)  |          |           |           |           |           |          |           |
| <b>Income</b>   |          |           |           |           |           |          |           |
| Net realised (loss) / gain on sale of investments   | (75,233) | (41,314)  | (42,094)  | (43,093)  | (15,886)  | 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) |
| <b>Total (loss) / income</b>  |          | (258,999) | (173,350) | (198,964) | (222,110) | 33,125   | (890,975) |
| <b>Expenses</b>   |          |           |           |           |           |          |           |
| Remuneration to AI Meezan Investment Management Limited - Management Company                        | 7.1      | 197       | 73        | 67        | 76        | 48       | 537       |
| Sindh Sales Tax on remuneration of the Management Company   | 7.2      | 26        | 10        | 9         | 10        | 6        | 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      | 583       |
| Bank and settlement charges   |          | 25        | 3         | 25        | 15        | 36       | 112       |
| <b>Total expenses</b>   |          | 4,975     | 3,360     | 3,789     | 4,196     | 1,404    | 22,265    |
| <b>Net (loss) / income for the year before taxation</b>   |          | (263,974) | (176,710) | (202,753) | (226,306) | (72,081) | (913,240) |
| Taxation  | 14       | -         | -         | -         | -         | -        | -         |
| <b>Net (loss) / income for the year after taxation</b>  |          | (263,974) | (176,710) | (202,753) | (226,306) | 28,584   | (913,240) |
| <b>Allocation of net income for the year</b>  |          |           |           |           |           |          |           |
| 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    |
| <b>Accounting income available for distribution</b>   |          |           |           |           |           |          |           |
| - 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<br>from August<br>15, 2017 to<br>June 30, 2018 | For the period<br>from<br>December 19,<br>2017 to June<br>30, 2018 | Total |
|---|----------------------------------|-----------|-----------|-----------|----------|---|--|-------|
|   | MSAP-I                           | MSAP-II   | MSAP-III  | MSAP-IV   | MSAP-V   | MCPPI-III   |  |       |
| (Rupees in '000)                                    |                                  |           |           |           |          |   |  |       |
| <b>Income</b>                                       |                                  |           |           |           |          |   |  |       |
|   | (128,287)                        | (50,513)  | (52,073)  | (57,166)  | 5,594    | (13,224)  | (295,669)  |       |
|   | 198                              | 85        | 21        | 339       | 515      | 488   | 1,646  |       |
|   | 5,400                            | 1,469     | 1,050     | 2,264     | 556      | 199   | 10,938   |       |
|   | (122,689)                        | (48,959)  | (51,002)  | (54,563)  | 6,665    | (12,537)  | (283,085)  |       |
|   | (192,390)                        | (153,048) | (169,886) | (171,071) | (12,358) | 12,211  | (686,542)  |       |
|   | (315,079)                        | (202,007) | (220,888) | (225,634) | (5,693)  | (326)   | (969,627)  |       |
| <b>Expenses</b>                                     |                                  |           |           |           |          |   |  |       |
|   | 111                              | 76        | 19        | 169       | 223      | 281   | 879  |       |
|   | 14                               | 10        | 2         | 22        | 29       | 37  | 114  |       |
|   | 2,215                            | 1,445     | 1,571     | 1,770     | 411      | 597   | 8,009  |       |
|   | 1,731                            | 1,129     | 1,228     | 1,383     | 321      | 465   | 6,257  |       |
|   | 225                              | 147       | 160       | 180       | 42       | 60  | 814  |       |
|   | 2,104                            | 1,373     | 1,492     | 1,682     | 390      | 567   | 7,608  |       |
|   | 112                              | 93        | 112       | 115       | 27       | 65  | 524  |       |
|   | 170                              | 57        | 119       | 74        | 13       | 19  | 452  |       |
|   | 183                              | 117       | 132       | 145       | 31       | 55  | 663  |       |
|   | 16                               | 10        | 11        | 13        | 2        | 6   | 58   |       |
|   | 12                               | -         | 6         | 7         | 5        | 13  | 43   |       |
|   | 6,893                            | 4,457     | 4,852     | 5,560     | 1,494    | 2,165   | 25,421   |       |
|   | (321,972)                        | (206,464) | (225,740) | (231,194) | (7,187)  | (2,491)   | (995,048)  |       |
|   | -                                | -         | -         | -         | -        | -   | -  |       |
|   | (321,972)                        | (206,464) | (225,740) | (231,194) | (7,187)  | (2,491)   | (995,048)  |       |
| <b>Allocation of net income for the year</b>        |                                  |           |           |           |          |   |  |       |
|   | -                                | -         | -         | -         | -        | -   | -  |       |
|   | -                                | -         | -         | -         | -        | -   | -  |       |
|   | -                                | -         | -         | -         | -        | -   | -  |       |
| <b>Accounting income available for distribution</b> |                                  |           |           |           |          |   |  |       |
|   | -                                | -         | -         | -         | -        | -   | -  |       |
|   | -                                | -         | -         | -         | -        | -   | -  |       |

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          | M CPP-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                 | -                                | -                | -                | -                | -               | -             | -                |
| <b>Total comprehensive (loss) / income for the year</b> | <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   | M CPP-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      | -                                | -                | -                | -                | -  | -  | -                |
| <b>Total comprehensive loss for the period</b> | <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.

AM 10

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<br>MSAP-I<br>(Rupees in '000) |                  |                  | June 30, 2019<br>MSAP-II<br>(Rupees in '000) |                  |                | June 30, 2019<br>MSAP-III<br>(Rupees in '000) |                  |                | June 30, 2019<br>MSAP-IV<br>(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        |
| <b>Redemption of units:</b>  |   |                  |                  |  |                  |                |   |                  |                |  |                  |                  |
| MSAP - I: 14,939,129 units / MSAP - II: 9,738,970 units /<br>MSAP - III: 8,468,859 units / MSAP - IV: 10,860,950 units / MSAP - V: 2,944,390 units,<br>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)        |
| <b>Net assets at end of the year</b>   | <b>1,629,216</b>                            | <b>(561,733)</b> | <b>1,067,483</b> | <b>1,131,720</b>                             | <b>(403,923)</b> | <b>727,798</b> | <b>1,380,178</b>                              | <b>(489,047)</b> | <b>891,131</b> | <b>1,521,505</b>                             | <b>(518,730)</b> | <b>1,002,774</b> |
| 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> |                  |
|  |   | <b>Rupees</b>    |                  |  | <b>Rupees</b>    |                |   | <b>Rupees</b>    |                |  | <b>Rupees</b>    |                  |
| 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, 2019    |               |               | June 30, 2019    |               |               | June 30, 2019    |             |           |
|--|------------------|---------------|---------------|------------------|---------------|---------------|------------------|-------------|-----------|
|  | MSAP-V           |               |               | MCCP-III         |               |               | Total            |             |           |
|  | (Rupees in '000) |               |               | (Rupees in '000) |               |               | (Rupees in '000) |             |           |
| Capital Value  | Accumulated loss | Total         | Capital Value | Accumulated loss | Total         | Capital Value | Accumulated loss | Total       |           |
| Net assets at beginning of the year  | 528,299          | (7,187)       | 521,112       | 1,367,662        | (2,491)       | 1,365,171     | 9,323,174        | (1,113,368) | 8,209,806 |
| Redemption of units:   |                  |               |               |                  |               |               |                  |             |           |
| MSAP - I: 14,939,129 units / MSAP - II: 9,738,970 units /<br>MSAP - III: 8,468,859 units / MSAP - IV: 10,860,950 units / MSAP - V: 2,944,390 units,<br>MCCP - III: 5,789,253 units |                  |               |               |                  |               |               |                  |             |           |
| - Capital value (at net asset value per unit at the beginning of the year)   | 143,513          | -             | 143,513       | 290,013          | -             | 290,013       | 2,330,067        | -           | 2,330,067 |
| - Element of (loss) / income   | (10,478)         | -             | (10,478)      | (201)            | 5,049         | 4,848         | (142,626)        | 5,049       | (137,577) |
| Total payments on redemption of units  | 133,035          | -             | 133,035       | 294,861          | 5,049         | 294,861       | 2,187,441        | 5,049       | 2,192,490 |
| Total comprehensive (loss) / income for the year   | -                | (72,081)      | (72,081)      | -                | 28,584        | 28,584        | -                | (913,240)   | (913,240) |
| Distribution during the year   | -                | -             | -             | -                | -             | -             | -                | -           | -         |
| Net (loss) / income for the year less distribution   | -                | (72,081)      | (72,081)      | -                | 28,584        | 28,584        | -                | (913,240)   | (913,240) |
| Net assets at end of the year  | 395,264          | (79,268)      | 315,996       | 1,072,801        | 21,044        | 1,098,894     | 7,135,733        | (2,031,657) | 5,104,077 |
| Undistributed (loss) / income carried forward  |                  | 5,171         |               |                  | (14,702)      |               |                  | (426,826)   |           |
| - Realised (loss) / income   |                  | (12,358)      |               |                  | 12,211        |               |                  | (686,542)   |           |
| - Unrealised loss  |                  | (7,187)       |               |                  | (2,491)       |               |                  | (1,113,368) |           |
| Accounting income available for distribution   |                  |               |               |                  |               |               |                  |             |           |
| - Relating to capital gains  |                  | -             |               |                  | 23,535        |               |                  | 23,535      |           |
| - Excluding capital gains  |                  | -             |               |                  | 23,535        |               |                  | 23,535      |           |
| Net loss for the period after taxation   |                  | (72,081)      |               |                  | -             |               |                  | (941,824)   |           |
| Distribution during the year   |                  | -             |               |                  | -             |               |                  | -           |           |
| Undistributed (loss) / income carried forward  |                  | (79,268)      |               |                  | 21,044        |               |                  | (2,031,657) |           |
| Undistributed (loss) / income carried forward  |                  |               |               |                  |               |               |                  |             |           |
| - Realised (loss) / income   |                  | (50,077)      |               |                  | (7,886)       |               |                  | (1,569,362) |           |
| - Unrealised loss  |                  | (29,191)      |               |                  | 28,930        |               |                  | (462,295)   |           |
|  |                  | (79,268)      |               |                  | 21,044        |               |                  | (2,031,657) |           |
|  |                  | <b>Rupees</b> |               |                  | <b>Rupees</b> |               |                  |             |           |
| Net asset value per unit as at beginning of the year   |                  | 48.7410       |               |                  | 50.0951       |               |                  |             |           |
| Net asset value per unit as at end of the year   |                  | 40.7893       |               |                  | 51.2011       |               |                  |             |           |

The annexed notes 1 to 26 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  
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        |
| <b>Issuance of units:</b>  |                  |                               |                  |                  |                      |                  |                  |                      |                  |                  |                      |                  |
| 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  | -                | -                             | -                | -                | -                    | -                | -                | -                    | -                | -                | -                    | -                |
| <b>Redemption of units:</b>  |                  |                               |                  |                  |                      |                  |                  |                      |                  |                  |                      |                  |
| 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)        |
| <b>Net assets at end of the year / period</b>  | <b>2,243,221</b> | <b>(297,759)</b>              | <b>1,945,462</b> | <b>1,516,558</b> | <b>(227,213)</b>     | <b>1,289,345</b> | <b>1,709,505</b> | <b>(286,294)</b>     | <b>1,423,211</b> | <b>1,957,929</b> | <b>(292,424)</b>     | <b>1,665,505</b> |
| 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)             |                  |
| <b>Accounting income available for distribution</b>  |                  |                               |                  |                  |                      |                  |                  |                      |                  |                  |                      |                  |
| - 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)            |                  |
| <b>Undistributed (loss) / income carried forward</b>   |                  |                               |                  |                  |                      |                  |                  |                      |                  |                  |                      |                  |
| - 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)            |                  |
|  | <b>Rupees</b>    |                               |                  | <b>Rupees</b>    |                      |                  | <b>Rupees</b>    |                      | <b>Rupees</b>    |                  |                      |                  |
| 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 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**



**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)            | -           |
| -                                      | -                    | -             | -  | -                    | -             | -   | -                    | -           |
| -                                      | (7,187)              | (7,187)       | -  | (2,491)              | (2,491)       | -   | (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) |
|  |                      | <b>Rupees</b> |  |                      | <b>Rupees</b> |   |                      |             |
| -                                      | -                    | -             | -  | -                    | -             | -   | -                    | -           |
| 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    | MCPPI-III | Total       |
| ------(Rupees in '000)-----   |             |           |           |           |           |           |             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |             |           |           |           |           |           |             |
| Net (loss) / income for the year before taxation  | (263,974)   | (176,710) | (202,753) | (226,306) | (72,081)  | 28,584    | (913,240)   |
| <b>Adjustments for:</b>   |             |           |           |           |           |           |             |
| 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)    |
| <b>Decrease / (increase) in assets</b>  |             |           |           |           |           |           |             |
| 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   |
| <b>(Decrease) / increase in liabilities</b>   |             |           |           |           |           |           |             |
| 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)       |
| <b>Net cash generated from operating activities</b>   | 615,992     | 387,243   | 340,298   | 426,255   | 141,395   | 290,584   | 2,201,766   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |             |           |           |           |           |           |             |
| 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) |
| <b>Net cash used in financing activities</b>  | (613,169)   | (384,573) | (329,276) | (432,660) | (133,034) | (292,375) | (2,185,086) |
| <b>Net increase / (decrease) in cash and cash equivalents during the period</b>                   |             |           |           |           |           |           |             |
|   | 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      |
| <b>Cash and cash equivalents at end of the year</b>   | 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.

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**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<br>from August<br>15, 2017 to<br>June 30, 2018 | For the period<br>from<br>December 19,<br>2017 to June<br>30, 2018 | Total              |
|--|----------------------------------|------------------|------------------|------------------|---|--|--------------------|
|  | MSAP-I                           | MSAP-II          | MSAP-III         | MSAP-IV          | MSAP-V  | MCPPIII  |                    |
| (Rupees in '000)   |                                  |                  |                  |                  |   |  |                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                  |                  |                  |                  |   |  |                    |
| Net (loss) / income for the year before taxation   | (321,972)                        | (206,464)        | (225,740)        | (231,194)        | (7,187)   | (2,491)  | (995,048)          |
| <b>Adjustments for:</b>  |                                  |                  |                  |                  |   |  |                    |
| 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)          |
| <b>Decrease / (increase) in assets</b>   |                                  |                  |                  |                  |   |  |                    |
| 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)          |
| <b>(Decrease) / increase in liabilities</b>  |                                  |                  |                  |                  |   |  |                    |
| 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)          |
| <b>Net cash generated from / (used in) operating activities</b>  | <b>359,984</b>                   | <b>165,747</b>   | <b>119,386</b>   | <b>(179,734)</b> | <b>(523,209)</b>  | <b>(1,365,201)</b>   | <b>(1,423,027)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                  |                  |                  |                  |   |  |                    |
| 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)               |
| <b>Net cash (used in) / generated from financing activities</b>  | <b>(360,334)</b>                 | <b>(166,212)</b> | <b>(117,506)</b> | <b>(66,101)</b>  | <b>528,299</b>  | <b>1,368,140</b>   | <b>1,186,286</b>   |
| <b>Net (decrease) / increase in cash and cash equivalents during the year / period</b>                             | <b>(350)</b>                     | <b>(465)</b>     | <b>1,880</b>     | <b>(245,835)</b> | <b>5,090</b>  | <b>2,939</b>   | <b>(236,741)</b>   |
| Cash and cash equivalents at beginning of the year / period  | 9,497                            | 2,172            | 278              | 252,575          | -   | -  | 264,522            |
| <b>Cash and cash equivalents at end of the year / period</b>   | <b>9,147</b>                     | <b>1,707</b>     | <b>2,158</b>     | <b>6,740</b>     | <b>5,090</b>  | <b>2,939</b>   | <b>27,781</b>      |

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<br>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<br>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        | MCPPI-III    |               |
| ----- (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)      |      |               |              |               |              |               |              |               |
| ----- (Rupees in '000) ----- |      |               |              |               |              |               |              |               |
|                              |      | MSAP-I        | MSAP-II      | MSAP-III      | MSAP-IV      | MSAP-V        | MCPPI-III    | Total         |
| 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    | MCPPIII | (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    | MCPPIII | (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)  |
| <b>Meezan Strategic Allocation Plan-I</b>   |                    |                           |                             |                     |                                    |                                  |  |   |
| 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   |
|   |                    |                           |                             |                     | <b>1,274,391</b>                   | <b>1,063,694</b>                 | <b>(210,697)</b>                             | <b>100.00</b>   |
| <b>Meezan Strategic Allocation Plan-II</b>  |                    |                           |                             |                     |                                    |                                  |  |   |
| 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   |
|   |                    |                           |                             |                     | <b>876,021</b>                     | <b>725,020</b>                   | <b>(151,001)</b>                             | <b>100.00</b>   |
| <b>Meezan Strategic Allocation Plan-III</b> |                    |                           |                             |                     |                                    |                                  |  |   |
| 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   |
|   |                    |                           |                             |                     | <b>1,058,711</b>                   | <b>879,495</b>                   | <b>(179,216)</b>                             | <b>100.00</b>   |
| <b>Meezan Strategic Allocation Plan-IV</b>  |                    |                           |                             |                     |                                    |                                  |  |   |
| 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   |
|   |                    |                           |                             |                     | <b>1,213,175</b>                   | <b>1,008,046</b>                 | <b>(205,129)</b>                             | <b>100.00</b>   |

| 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         |
|                              |           |         |           |           | <b>366,200</b> | <b>303,088</b> | <b>(63,112)</b> | <b>100.00</b> |

**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         |
|                              |           |            |            |            | <b>1,127,510</b> | <b>1,102,961</b> | <b>(24,549)</b> | <b>100.00</b> |

**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         |
|                              |            |            |            |            | <b>5,916,008</b> | <b>5,082,304</b> | <b>(833,704)</b> | <b>100.00</b> |

**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        |
|   |               | <b>104</b> | <b>66</b>  | <b>80</b>  | <b>91</b>  | <b>33</b> | <b>94</b>        | <b>468</b> |
| 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        |
|   |               | <b>177</b> | <b>110</b> | <b>120</b> | <b>146</b> | <b>49</b> | <b>115</b>       | <b>717</b> |

- 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 |           |
| <b>Al Meezan Investment Management Limited</b> |               |           |          |         |        |           |           |
| - 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 |
| <b>Meezan Bank Limited</b>                     |               |           |          |         |        |           |           |
| 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      |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>     |               |            |            |            |   |   |            |
| 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         |
| <b>Directors and Executives of the Management Company</b>           |               |            |            |            |   |   |            |
| Investment (Rs in '000)   | -             | -          | 12,369     | -          | -   | -   | 12,369     |
| Investment (Units)  | -             | -          | 352,640    | -          | -   | -   | 352,640    |
| <b>AI Meezan Mutual Fund</b>  |               |            |            |            |   |   |            |
| 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 |
| <b>Kse Meezan Index Fund</b>  |               |            |            |            |   |   |            |
| 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    |
| <b>Meezan Dedicated Equity Fund</b>                                 |               |            |            |            |   |   |            |
| 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 |
| <b>Meezan Islamic Fund</b>  |               |            |            |            |   |   |            |
| 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 |
| <b>Meezan Rozana Amdani Fund</b>                                    |               |            |            |            |   |   |            |
| 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  |
| <b>Meezan Cash Fund</b>   |               |            |            |            |   |   |            |
| 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  |
| <b>Meezan Islamic Income Fund</b>                                   |               |            |            |            |   |   |            |
| 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 |
| <b>Meezan Sovereign Fund</b>  |               |            |            |            |   |   |            |
| Investment (Rs in '000)   | -             | -          | -          | -          | -   | 676,437   | 676,437    |
| Investment (Units)  | -             | -          | -          | -          | -   | 13,138,372  | 13,138,372 |
| <b>Unitholders holding 10% or more units of the Fund</b>            |               |            |            |            |   |   |            |
| 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<br>from August 15,<br>2017 to June 30,<br>2018 | For the period<br>from December<br>19, 2017 to June<br>30, 2018 |            |
|   | MSAP-I        | MSAP-II    | MSAP-III   | MSAP-IV    | MSAP-V  | MCPPIII   | Total      |
| <b>AI Meezan Investment Management Limited - Management Company</b> |               |            |            |            |   |   |            |
| 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  |
| <b>Meezan Bank Limited</b>  |               |            |            |            |   |   |            |
| 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         |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>     |               |            |            |            |   |   |            |
| 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         |
| <b>Directors and Executives of the management company</b>           |               |            |            |            |   |   |            |
| Investment (Rs in '000)   | -             | -          | 14,816     | -          | -   | -   | 14,816     |
| Investment (Units)  | -             | -          | 352,640    | -          | -   | -   | 352,640    |
| <b>AI Meezan Mutual Fund</b>  |               |            |            |            |   |   |            |
| 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<br>from August 15,<br>2017 to June 30,<br>2018 | For the period<br>from December<br>30, 2018 | Total        |
|---|---|----------------|-----------------|----------------|---|---|--------------|
|   | MSAP-I                                  | MSAP-II        | MSAP-III        | MSAP-IV        | MSAP-V  | MCPP-III                                    |              |
| <b>Meezan Dedicated Equity Fund</b>                                     |   |                |                 |                |   |   |              |
| 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   |
| <b>Meezan Islamic Fund</b>  |   |                |                 |                |   |   |              |
| 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   |
| <b>Meezan Cash Fund</b>   |   |                |                 |                |   |   |              |
| 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   |
| <b>Meezan Islamic Income Fund</b>                                       |   |                |                 |                |   |   |              |
| 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   |
| <b>Unitholders holding 10% or more units of the Fund</b>                |   |                |                 |                |   |   |              |
| 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   |
|   | <b>For the year ended June 30, 2019</b> |                |                 |                |   |   |              |
| <b>Transactions during the year</b>                                     | <b>MSAP-I</b>                           | <b>MSAP-II</b> | <b>MSAP-III</b> | <b>MSAP-IV</b> | <b>MSAP-V</b>   | <b>MCPP-III</b>                             | <b>Total</b> |
|   | ------(Unaudited)-----                  |                |                 |                |   |   |              |
| <b>AI Meezan Investment Management Limited<br/>- Management Company</b> |   |                |                 |                |   |   |              |
| 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        |
| <b>Meezan Bank Limited</b>  |   |                |                 |                |   |   |              |
| Profit on saving account (Rs in '000)                                   | 628                                     | 375            | 247             | 263            | 242   | 138   | 1,893        |
| <b>Central Depository Company of Pakistan<br/>Limited - Trustee</b>     |   |                |                 |                |   |   |              |
| 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          |
| <b>AI Meezan Mutual Fund</b>  |   |                |                 |                |   |   |              |
| 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       |
| <b>KSE Meezan Index Fund</b>  |   |                |                 |                |   |   |              |
| 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      |
| <b>Meezan Dedicated Equity Fund</b>                                     |   |                |                 |                |   |   |              |
| 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   |
| <b>Meezan Islamic Fund</b>  |   |                |                 |                |   |   |              |
| 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   |
| <b>Meezan Rozana Amdani Fund</b>  |   |                |                 |                |   |   |              |
| 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)                               |           |           |            |   |   |            |
| <b>Meezan Cash Fund</b>   |   |           |           |            |   |   |            |
| 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    |
| <b>Meezan Islamic Income Fund</b>                                       |   |           |           |            |   |   |            |
| 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    |
| <b>Meezan Sovereign Fund</b>  |   |           |           |            |   |   |            |
| 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 |           |           |            | For the period<br>from August 15,<br>2017 to June 30,<br>2018 | For the period<br>from December<br>19, 2017 to June<br>30, 2018 |            |
|   | MSAP-I                                    | MSAP-II   | MSAP-III  | MSAP-IV    | MSAP-V  | MCPPI-III   | Total      |
| <b>AI Meezan Investment Management Limited<br/>- Management Company</b> |   |           |           |            |   |   |            |
| 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      |
| <b>Meezan Bank Limited</b>  |   |           |           |            |   |   |            |
| Profit on saving account (Rs in '000)                                   | 198                                       | 85        | 21        | 339        | 515   | 488   | 1,646      |
| <b>Central Depository Company of Pakistan<br/>Limited - Trustee</b>     |   |           |           |            |   |   |            |
| 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        |
| <b>Meezan Islamic Fund</b>  |   |           |           |            |   |   |            |
| 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 |
| <b>Meezan Islamic Income Fund</b>                                       |   |           |           |            |   |   |            |
| 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 |
| <b>Meezan Cash Fund</b>   |   |           |           |            |   |   |            |
| 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 |
| <b>Meezan Dedicated Equity Fund</b>                                     |   |           |           |            |   |   |            |
| 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 |

|   | For the period / year ended June 30, 2018 |           |          |         |        | For the period<br>from August 15,<br>2017 to June 30,<br>2018 | For the period<br>from December<br>19, 2017 to June<br>30, 2018 |
|---|---|-----------|----------|---------|--------|---|---|
|   | MSAP-I                                    | MSAP-II   | MSAP-III | MSAP-IV | MSAP-V | MCPPIII   | Total   |
|   | <b>Al Meezan Mutual Fund</b>              |           |          |         |        |   |   |
| 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) -----  |                               |                                     |  |                    |   |                  |
| <b>On-balance sheet financial instruments</b>                           |                               |                                     |  |                    |   |                  |
| <b>Financial assets</b>   |                               |                                     |  |                    |   |                  |
| 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> |
| <b>Financial liabilities</b>  |                               |                                     |  |                    |   |                  |
| 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>    |
| <b>On-balance sheet gap</b>   |                               | <u>37,661</u>                       | <u>-</u>                                 | <u>-</u>           | <u>5,078,363</u>                        | <u>5,116,024</u> |
| <b>Off-balance sheet financial instruments</b>                          |                               | -                                   | -  | -                  | -                                       | -                |
| <b>Off-balance sheet gap</b>  |                               | <u>-</u>                            | <u>-</u>                                 | <u>-</u>           | <u>-</u>                                | <u>-</u>         |
| <b>Total profit rate sensitivity gap</b>                                |                               | <u>37,661</u>                       | <u>-</u>                                 | <u>-</u>           |   |                  |
| <b>Cumulative profit rate sensitivity gap</b>                           |                               | <u>37,661</u>                       | <u>37,661</u>                            | <u>37,661</u>      |   |                  |

|   | 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)  |                               |                                     |  |                    |   |           |
| <b>On-balance sheet financial instruments</b>                           |                               |                                     |  |                    |   |           |
| <b>Financial assets</b>   |                               |                                     |  |                    |   |           |
| 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 |
| <b>Financial liabilities</b>  |                               |                                     |  |                    |   |           |
| 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     |
| <b>On-balance sheet gap</b>   |                               | 22,940                              | -  | -                  | 8,198,985                               | 8,221,925 |
| <b>Off-balance sheet financial instruments</b>                          |                               | -                                   | -  | -                  | -                                       | -         |
| <b>Off-balance sheet gap</b>  |                               | -                                   | -  | -                  | -                                       | -         |
| <b>Total profit rate sensitivity gap</b>                                |                               | 22,940                              | -  | -                  | -                                       | -         |
| <b>Cumulative profit rate sensitivity gap</b>                           |                               | 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             |   |  |                   |  | 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) |   |  |                   |  |                  |
| <b>Financial assets</b>   |                  |   |  |                   |  |                  |
| 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        |
| <b>Financial liabilities</b>  |                  |   |  |                   |  |                  |
| 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           |
| <b>Net assets / (liabilities)</b>                                       | <b>34,846</b>    | <b>(463)</b>                              | <b>(663)</b>                           | <b>-</b>          | <b>5,082,304</b>                             | <b>5,116,024</b> |
|   | 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) |   |  |                   |  |                  |
| <b>Financial assets</b>   |                  |   |  |                   |  |                  |
| 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        |
| <b>Financial liabilities</b>  |                  |   |  |                   |  |                  |
| 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           |
| <b>Net assets / (liabilities)</b>                                       | <b>17,926</b>    | <b>(639)</b>                              | <b>(345)</b>                           | <b>-</b>          | <b>8,197,375</b>                             | <b>8,214,317</b> |

### 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) ----- |                  |          |                  |                  |          |
| <b>Financial assets</b>              |                              |                  |          |                  |                  |          |
| 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<br>(Rupees in '000) | Percentage of total investment<br>(Percentage) | Number of investors | Investment amount<br>(Rupees in '000) | Percentage of total investment<br>(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  |
| <b>Total</b>              | <b>566</b>          | <b>1,067,483</b>                      | <b>100.00</b>                                  | <b>833</b>          | <b>1,945,462</b>                      | <b>100.00</b>                                  |

|                           | MSAP II             |                                       |  | MSAP II             |                                       |  |
|---------------------------|---------------------|---------------------------------------|--|---------------------|---------------------------------------|--|
|                           | 2019                |                                       |  | 2018                |                                       |  |
|                           | Number of investors | Investment amount<br>(Rupees in '000) | Percentage of total investment<br>(Percentage) | Number of investors | Investment amount<br>(Rupees in '000) | Percentage of total investment<br>(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  |
| <b>Total</b>              | <b>472</b>          | <b>727,798</b>                        | <b>100.00</b>                                  | <b>698</b>          | <b>1,289,345</b>                      | <b>100.00</b>                                  |

|                           | MSAP III            |                                       |  | MSAP III            |                                       |  |
|---------------------------|---------------------|---------------------------------------|--|---------------------|---------------------------------------|--|
|                           | 2019                |                                       |  | 2018                |                                       |  |
|                           | Number of investors | Investment amount<br>(Rupees in '000) | Percentage of total investment<br>(Percentage) | Number of investors | Investment amount<br>(Rupees in '000) | Percentage of total investment<br>(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  |
| <b>Total</b>              | <b>359</b>          | <b>891,131</b>                        | <b>100.00</b>                                  | <b>549</b>          | <b>1,423,211</b>                      | <b>100.00</b>                                  |

|                           | MSAP IV             |                                       |  | MSAP IV             |                                       |  |
|---------------------------|---------------------|---------------------------------------|--|---------------------|---------------------------------------|--|
|                           | 2019                |                                       |  | 2018                |                                       |  |
|                           | Number of investors | Investment amount<br>(Rupees in '000) | Percentage of total investment<br>(Percentage) | Number of investors | Investment amount<br>(Rupees in '000) | Percentage of total investment<br>(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  |
| <b>Total</b>              | <b>375</b>          | <b>1,002,774</b>                      | <b>100.00</b>                                  | <b>540</b>          | <b>1,665,505</b>                      | <b>100.00</b>                                  |

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|                           | MSAP V              |                                       |  | MSAP V              |                                       |  |
|---------------------------|---------------------|---------------------------------------|--|---------------------|---------------------------------------|--|
|                           | 2019                |                                       |  | 2018                |                                       |  |
|                           | Number of investors | Investment amount<br>(Rupees in '000) | Percentage of total investment<br>(Percentage) | Number of investors | Investment amount<br>(Rupees in '000) | Percentage of total investment<br>(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   |
| <b>Total</b>              | <b>198</b>          | <b>315,996</b>                        | <b>100.00</b>                                  | <b>273</b>          | <b>521,112</b>                        | <b>100.00</b>                                  |

|                           | MCPPIII             |                                       |  | MCPPIII             |                                       |  |
|---------------------------|---------------------|---------------------------------------|--|---------------------|---------------------------------------|--|
|                           | 2019                |                                       |  | 2018                |                                       |  |
|                           | Number of investors | Investment amount<br>(Rupees in '000) | Percentage of total investment<br>(Percentage) | Number of investors | Investment amount<br>(Rupees in '000) | Percentage of total investment<br>(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  |
| <b>Total</b>              | <b>732</b>          | <b>1,098,894</b>                      | <b>100.00</b>                                  | <b>924</b>          | <b>1,365,171</b>                      | <b>100.00</b>                                  |

## 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<br>2018  | August 09<br>2018 | October 18<br>2018 | February 14<br>2019 | April 18<br>2019 | May 23<br>2019 |
| Mr. Ariful Islam      | Chairman                   | Yes             | No                | Yes                | Yes                 | Yes              | Yes            |
| Mr. Mohammad Shoaib   | Chief Executive<br>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.

AMIL

For AI Meezan Investment Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

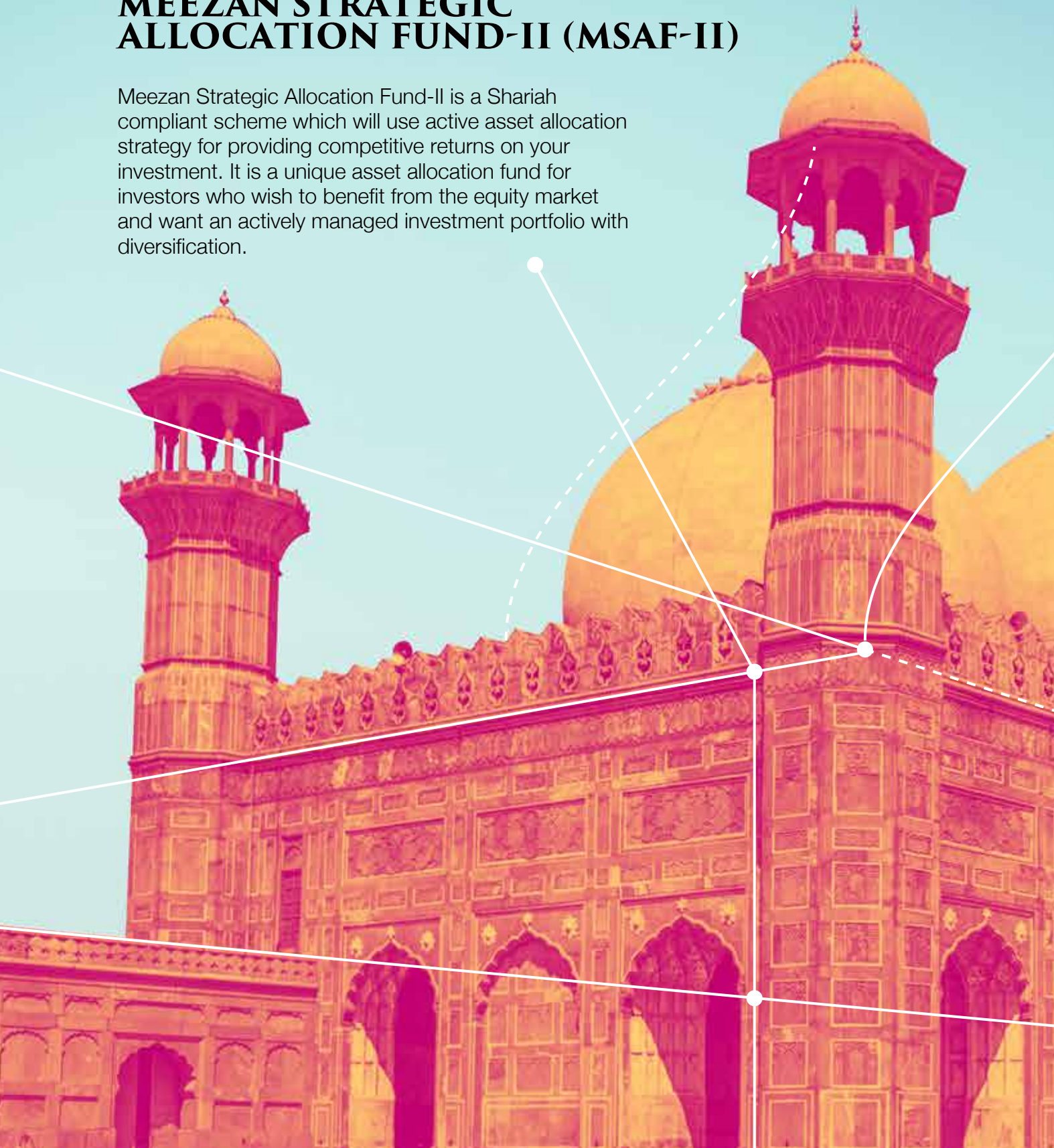


# Meezan

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

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

|                                 |                         |
|---------------------------------|-------------------------|
| Mr. Ariful Islam                | Chairman                |
| Mr. Mohammad Shoaib, CFA        | Chief Executive Officer |
| Mr. Muhammad Abdullah Ahmed     | Nominee Director - MBL  |
| Mr. Mohammad Furquan R Kidwai   | Independent Director    |
| Mr. Ijaz Farooq                 | Nominee Director - MBL  |
| Mr. Moin M. Fudda               | Independent Director    |
| Ms. Saima 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](http://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

| <b>Returns - FY19</b> |        |
|-----------------------|--------|
| 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)     | M CPP-IV         | M CPP-V          | M CPP-VI         | M CPP-VII        | M CPP-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                |
| <b>Total</b>      | <b>1027</b>      | <b>516</b>       | <b>609</b>       | <b>490</b>       | <b>459</b>       |



**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 *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-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  
*Shariah* Advisor



**Head Office**

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**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      | <b>Net Asset Value</b><br>(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"> <li>▪ Tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>▪ 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</li> <li>▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li> </ul> |

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.

AMC



- 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                 |                   |                  |                  |                  |                  |                  |
|---|---|-------------------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
|   |   | MCPPIV                        | MCPPIV            | MCPPIV           | MCPPIV           | MCPPIV           | Total            |                  |
|   |   | (Rupees in '000)              |                   |                  |                  |                  |                  |                  |
| Note  |   |                               |                   |                  |                  |                  |                  |                  |
| <b>Assets</b>   |   |                               |                   |                  |                  |                  |                  |                  |
|   | Balances with banks   | 5                             | 1,876             | 908              | 1,845            | 2,960            | 2,286            | 9,875            |
|   | Investments   | 6                             | 1,568,641         | 474,109          | 382,823          | 204,711          | 128,551          | 2,758,835        |
|   | Profit receivable on saving account with banks                          |                               | 52                | 5                | 21               | 12               | 7                | 97               |
|   | <b>Total assets</b>   |                               | <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> |
| <b>Liabilities</b>                                    |   |                               |                   |                  |                  |                  |                  |                  |
|   | Payable to Al Meezan Investment Management Limited - Management Company | 7                             | 137               | 44               | 45               | 20               | 25               | 271              |
|   | Payable to Central Depository Company of Pakistan Limited - Trustee     | 8                             | 123               | 40               | 36               | 17               | 10               | 226              |
|   | Payable to Securities and Exchange Commission of Pakistan               | 9                             | 1,803             | 626              | 467              | 176              | 56               | 3,128            |
|   | Payable against purchase of investments                                 |                               | -                 | 252              | -                | 35               | -                | 287              |
|   | Payable against redemption and conversion of units                      |                               | 14,713            | -                | 50               | -                | 9                | 14,772           |
|   | Accrued expenses and other liabilities                                  | 10                            | 745               | 153              | 65               | 23               | 20               | 1,006            |
|   | <b>Total liabilities</b>  |                               | <u>17,521</u>     | <u>1,115</u>     | <u>663</u>       | <u>271</u>       | <u>120</u>       | <u>19,690</u>    |
| <b>NET ASSETS</b>                                     |   |                               | <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> |
| <b>UNIT HOLDERS' FUND (as per statement attached)</b> |   |                               | <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> |
| <b>CONTINGENCIES AND COMMITMENTS</b>                  |   | 11                            |                   |                  |                  |                  |                  |                  |
|   |   | ----- (Number of units) ----- |                   |                  |                  |                  |                  |                  |
| <b>NUMBER OF UNITS IN ISSUE</b>                       |   |                               | <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) -----          |                   |                  |                  |                  |                  |                  |
| <b>NET ASSET VALUE PER UNIT</b>                       |   |                               | <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) -----  |      |                   |                   |                  |
| <b>Assets</b>   |      |                   |                   |                  |
| 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              |
| <b>Total assets</b>   |      | <b>2,123,904</b>  | <b>749,762</b>    | <b>2,873,666</b> |
| <b>Liabilities</b>  |      |                   |                   |                  |
| 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            |
| <b>Total liabilities</b>  |      | <b>8,534</b>      | <b>16,394</b>     | <b>24,928</b>    |
| <b>NET ASSETS</b>   |      | <b>2,115,370</b>  | <b>733,368</b>    | <b>2,848,738</b> |
| <b>UNIT HOLDERS' FUND</b> (as per statement attached)                   |      | <b>2,115,370</b>  | <b>733,368</b>    | <b>2,848,738</b> |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                    | 11   |                   |                   |                  |
| ----- (Number of units) -----   |      |                   |                   |                  |
| <b>NUMBER OF UNITS IN ISSUE</b>   |      | <b>42,477,616</b> | <b>14,658,622</b> |                  |
| ----- (Rupees) -----  |      |                   |                   |                  |
| <b>NET ASSET VALUE PER UNIT</b>   |      | <b>49.7996</b>    | <b>50.0298</b>    |                  |

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  | M CPP-IV                         | M CPP-V  | M CPP-VI  | M CPP-VII  | M CPP-VIII     |                |               |
| ----- (Rupees in '000) -----  |                                  |  |   |  |                |                |               |
| <b>Income</b>   |                                  |  |   |  |                |                |               |
| 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)      |
| <b>Total income / (loss)</b>  | <u>21,451</u>                    | <u>5,129</u>                                       | <u>154</u>  | <u>(1,230)</u>   | <u>(3,359)</u> | <u>22,145</u>  |               |
| <b>Expenses</b>   |                                  |  |   |  |                |                |               |
| 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            |
| <b>Total expenses</b>   |                                  | <u>6,275</u>                                       | <u>2,190</u>  | <u>1,683</u>   | <u>667</u>     | <u>261</u>     | <u>11,076</u> |
| <b>Net income / (loss) for the year / period before taxation</b>                                    |                                  | <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                               | -  | -   | -  | -              | -              | -             |
| <b>Net income / (loss) for the year / period after taxation</b>                                     |                                  | <u>15,176</u>                                      | <u>2,939</u>  | <u>(1,529)</u>   | <u>(1,897)</u> | <u>(3,620)</u> | <u>11,069</u> |
| <b>Allocation of net income for the year / period</b>   |                                  |  |   |  |                |                |               |
| 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> |
| <b>Accounting income available for distribution</b>   |                                  |  |   |  |                |                |               |
| - 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<br>period from<br>March 06,<br>2018 to June<br>30, 2018<br>MCPPIV | For the<br>period<br>from May 04,<br>2018 to June<br>30, 2018<br>MCPPIV | Total    |
|---|------|---|---|----------|
|   | Note | (Rupees in '000)  |   |          |
| <b>Income</b>   |      |   |   |          |
| 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    |
| <b>Total (loss) / income</b>  |      | (17,747)  | 204   | (17,543) |
| <b>Expenses</b>   |      |   |   |          |
| 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       |
| <b>Total expenses</b>   |      | 2,218   | 356   | 2,574    |
| <b>Net loss for the period before taxation</b>  |      | (19,965)  | (152)   | (20,117) |
| Taxation  | 13   | -   | -   | -        |
| <b>Net loss for the period after taxation</b>   |      | (19,965)  | (152)   | (20,117) |
| <b>Allocation of net income for the year</b>  |      |   |   |          |
| Net income for the year after taxation  |      | -   | -   | -        |
| Income already paid on units redeemed   |      | -   | -   | -        |
| <b>Accounting income available for distribution</b>   |      | -   | -   | -        |
| - Relating to capital gains   |      | -   | -   | -        |
| - Excluding capital gains   |      | -   | -   | -        |

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 - 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                        | -                                | -            | -  | -   | -  | -             |
| <b>Total comprehensive income / (loss) for the year / period</b> | <b>15,176</b>                    | <b>2,939</b> | <b>(1,529)</b>                                     | <b>(1,897)</b>  | <b>(3,620)</b>   | <b>11,069</b> |

|   | 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             |   |        | -   | -            | -               |
| <b>Total comprehensive loss for the year / period</b> |   |        | <b>(19,965)</b>                                   | <b>(152)</b> | <b>(20,117)</b> |

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 |   |                  |
|---|------------------------------|---|----------------|-----------------------------|---|----------------|--|---|----------------|---|---|----------------|--|---|----------------|---|---|------------------|
|   | M CPP-IV<br>(Rupees in '000) |   |                | M CPP-V<br>(Rupees in '000) |   |                | M CPP-VI<br>(Rupees in '000)                       |   |                | M CPP-VII<br>(Rupees in '000)                           |   |                | M CPP-VIII<br>(Rupees in '000)                         |   |                | Total<br>(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:  |                              |   |                |                             |   |                |  |   |                |   |   |                |  |   |                |   |   |                  |
| MCPP-IV: nil (2018: 43,678,460) / MCPP-V: 1,643,879 (2018: 14,766,103)              |                              |   |                |                             |   |                |  |   |                |   |   |                |  |   |                |   |   |                  |
| MCPP-VI: 13,205,775 / MCPP-VII: 7,646,585 / MCPP-VIII: 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            |
| <b>Total proceeds on issuance of units</b>  | -                            | -   | -              | <b>81,826</b>               | -   | <b>81,826</b>  | <b>663,317</b>                                     | -   | <b>663,317</b> | <b>386,849</b>  | -   | <b>386,849</b> | <b>173,887</b>   | -   | <b>173,887</b> | <b>1,305,879</b>                          | -   | <b>1,305,879</b> |
| Redemption of units:  |                              |   |                |                             |   |                |  |   |                |   |   |                |  |   |                |   |   |                  |
| MCPP-IV: 11,491,854 (2018: 1,200,844) / MCPP-V: 6,845,896 (2018: 107,481)           |                              |   |                |                             |   |                |  |   |                |   |   |                |  |   |                |   |   |                  |
| MCPP-VI: 5,518,902 / MCPP-VII: 3,501,592 / MCPP-VIII: 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           |
| <b>Total payments on redemption of units</b>  | <b>572,280</b>               | <b>5,218</b>                                | <b>577,498</b> | <b>342,244</b>              | <b>1,982</b>                                | <b>344,226</b> | <b>277,762</b>                                     | -   | <b>277,762</b> | <b>177,540</b>  | -   | <b>177,540</b> | <b>39,543</b>  | -   | <b>39,543</b>  | <b>1,409,603</b>                          | <b>7,200</b>                                | <b>1,416,569</b> |
| 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   |                              | -   | -              |                             | -   | -              |  | -   | -              |   | -   | -              |  | -   | -              |   | -   | -                |
| <b>Net income / (loss) for the year / period less distribution</b>                  |                              | <b>15,176</b>                               | <b>15,176</b>  |                             | <b>2,939</b>                                | <b>2,939</b>   |  | <b>(1,529)</b>                              | <b>(1,529)</b> |   | <b>(1,897)</b>                              | <b>(1,897)</b> |  | <b>(3,620)</b>                              | <b>(3,620)</b> |   | <b>11,069</b>                               | <b>11,069</b>    |
| 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   |                              | -   |                |                             | -   |                |  | -   |                |   | -   |                |  | -   |                |   |   | -                |
| Net loss for the year / period after taxation                                       |                              | 9,958                                       |                |                             | 957   |                |  | (1,529)                                     |                |   | (1,897)                                     |                |  | (3,620)                                     |                |   |   | 10,915           |
| Distribution during the year / period   |                              | -   |                |                             | -   |                |  | -   |                |   | -   |                |  | -   |                |   |   | (7,046)          |
| <b>(Accumulated losses) / undistributed income carried forward</b>                  |                              | <b>(10,007)</b>                             |                |                             | <b>805</b>                                  |                |  | <b>(1,529)</b>                              |                |   | <b>(1,897)</b>                              |                |  | <b>(3,620)</b>                              |                |   |   | <b>(16,248)</b>  |
| (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)         |
|   |                              |   |                |                             |   |                |  |   |                |   |   |                |  |   |                |   |   |                  |
|   |                              |   |                |                             |   |                |  |   |                |   |   |                |  |   |                |   |   |                  |
| Net asset value per unit as at the beginning of the year / period                   |                              | Rupees                                      |                |                             | Rupees                                      |                |  | Rupees                                      |                |   | Rupees                                      |                |  | Rupees                                      |                |   |   |                  |
|   |                              | 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 AI-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**



|  | For the period from March 06, 2018 to June 30, 2018 |                    |                  | For the period from May 04, 2018 to June 30, 2018 |                    |                | For the period from March 06, 2018 to June 30, 2018 |                      |                  |
|--|---|--------------------|------------------|---|--------------------|----------------|---|----------------------|------------------|
|  | MCCP-IV   |                    |                  | MCCP-V  |                    |                | Total   |                      |                  |
|  | (Rupees in '000)                                    |                    |                  | (Rupees in '000)                                  |                    |                | (Rupees in '000)                                    |                      |                  |
|  | Capital Value                                       | Accumulated losses | Total            | Capital Value                                     | Accumulated losses | Total          | Capital Value                                       | Undistributed income | Total            |
| Issuance of  |   |                    |                  |   |                    |                |   |                      |                  |
| MCCP-IV: 43,678,460 units /  |   |                    |                  |   |                    |                |   |                      |                  |
| MCCP-V: 14,766,103 units   |   |                    |                  |   |                    |                |   |                      |                  |
| - Capital value (at net asset value per unit at the beginning of the period) | 2,183,923   | -                  | 2,183,923        | 738,305   | -                  | 738,305        | 2,922,228   | -                    | 2,922,228        |
| - Element of income  | 11,371  | -                  | 11,371           | 583   | -                  | 583            | 11,954  | -                    | 11,954           |
| Total proceeds on issuance of units  | 2,195,294   | -                  | 2,195,294        | 738,888   | -                  | 738,888        | 2,934,182   | -                    | 2,934,182        |
| Redemption of  |   |                    |                  |   |                    |                |   |                      |                  |
| MCCP-IV: 1,200,844 units /   |   |                    |                  |   |                    |                |   |                      |                  |
| MCCP-V: 107,481 units  |   |                    |                  |   |                    |                |   |                      |                  |
| - Capital value (at net asset value per unit at the beginning of the period) | 60,043  | -                  | 60,043           | 5,374   | -                  | 5,374          | 65,417  | -                    | 65,417           |
| - Element of income  | (84)  | -                  | (84)             | (6)   | -                  | (6)            | (90)  | -                    | (90)             |
| Total payments on redemption of units  | 59,959  | -                  | 59,959           | 5,368   | -                  | 5,368          | 65,327  | -                    | 65,327           |
| Total comprehensive loss for the period                                      | -   | (19,965)           | (19,965)         | -   | (152)              | (152)          | -   | (20,117)             | (20,117)         |
| Distribution during the period   | -   | -                  | -                | -   | -                  | -              | -   | -                    | -                |
| Net loss for the period less distribution                                    | -   | (19,965)           | (19,965)         | -   | (152)              | (152)          | -   | (20,117)             | (20,117)         |
| <b>Net assets at end of the period</b>                                       | <b>2,135,335</b>                                    | <b>(19,965)</b>    | <b>2,115,370</b> | <b>733,520</b>                                    | <b>(152)</b>       | <b>733,368</b> | <b>2,868,855</b>                                    | <b>(20,117)</b>      | <b>2,848,738</b> |
| <b>Accumulated loss brought forward</b>                                      |   |                    |                  |   |                    |                |   |                      |                  |
| - Realised loss  | -   | -                  | -                | -   | -                  | -              | -   | -                    | -                |
| - Unrealised income  | -   | -                  | -                | -   | -                  | -              | -   | -                    | -                |
| Accounting income available for distribution                                 |   |                    |                  |   |                    |                |   |                      |                  |
| - Relating to capital gains  | -   | -                  | -                | -   | -                  | -              | -   | -                    | -                |
| - Excluding capital gains  | -   | -                  | -                | -   | -                  | -              | -   | -                    | -                |
| Net loss for the year / period after taxation                                | (19,965)  |                    |                  | (152)   |                    |                | (20,117)  |                      |                  |
| Distribution during the year / period  | -   |                    |                  | -   |                    |                | -   |                      |                  |
| <b>Accumulated losses carried forward</b>                                    | <b>(19,965)</b>                                     |                    |                  | <b>(152)</b>                                      |                    |                | <b>(20,117)</b>                                     |                      |                  |
| Undistributed income carried forward   |   |                    |                  |   |                    |                |   |                      |                  |
| - Realised loss  | (24,191)  |                    |                  | (857)   |                    |                | (25,048)  |                      |                  |
| - Unrealised income  | 4,226   |                    |                  | 705   |                    |                | 4,931   |                      |                  |
|  | <u>(19,965)</u>                                     |                    |                  | <u>(152)</u>                                      |                    |                | <u>(20,117)</u>                                     |                      |                  |
|  |   |                    |                  |   |                    |                |   |                      |                  |
|  | <b>Rupees</b>                                       |                    |                  | <b>Rupees</b>                                     |                    |                |   |                      |                  |
| Net asset value per unit as at end of the period                             | <u>49.7996</u>                                      |                    |                  | <u>50.0298</u>                                    |                    |                |   |                      |                  |

The annexed notes 1 to 26 form an integral part of these financial statements.

M/L

**For AI 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,<br>2019 | For the<br>period from<br>July 10, 2018<br>to March 31,<br>2019 | For the<br>period from<br>September<br>26, 2018 to<br>March 31,<br>2019 | For the<br>period from<br>December<br>17, 2018 to<br>March 31,<br>2019 | Total      |             |
|--|-------------------------------------|---|---|--|------------|-------------|
|  | M CPP-IV                            | M CPP-V   | M CPP-VI  | M CPP-VII  | M CPP-VIII |             |
| ------(Rupees in '000)-----  |                                     |   |   |  |            |             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                     |   |   |  |            |             |
| Net income / (loss) for the year / period before taxation  | 15,176                              | 2,939   | (1,529)   | (1,897)  | (3,620)    | 11,069      |
| <b>Adjustments for:</b>  |                                     |   |   |  |            |             |
| Net unrealised diminution on re-measurement<br>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      |
| <b>Decrease / (increase) in assets</b>   |                                     |   |   |  |            |             |
| 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)    |
| <b>Increase / (decrease) in liabilities</b>  |                                     |   |   |  |            |             |
| Payable to Al Meezan Investment Management<br>Limited - Management Company                           | (47)                                | (9,211)   | 45  | 20   | 25         | (9,168)     |
| Payable to Central Depository Company of<br>Pakistan Limited - Trustee                               | (43)                                | 1   | 36  | 17   | 10         | 21          |
| Payable to Meezan Bank Limited   | -                                   | (5,913)   | -   | -  | -          | (5,913)     |
| Payable to Securities and Exchange Commission<br>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)    |
| <b>Net cash generated from / (used in) operating activities</b>                                      | 563,071                             | 121,286   | (383,760)   | (206,349)  | (132,067)  | (37,819)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                     |   |   |  |            |             |
| 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) |
| <b>Net cash (used in) / generated from financing activities</b>                                      | (562,938)                           | (259,616)   | 385,605   | 209,309  | 134,353    | (93,287)    |
| <b>Net increase / (decrease) in cash and cash equivalents<br/>during the period</b>                  | 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     |
| <b>Cash and cash equivalents at the end of the year / pe</b>   | 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*

**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<br>period from<br>March 06,<br>2018 to June<br>30, 2018 | For the<br>period<br>from May 04,<br>2018 to June<br>30, 2018 | Total       |
|--|---|---|-------------|
|  | MCPPIV  | MCPPIV  |             |
| Note   | (Rupees in '000)  |   |             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |   |             |
| 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)    |
| <b>Increase in assets</b>  |   |   |             |
| 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) |
| <b>Increase In liabilities</b>   |   |   |             |
| 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      |
| <b>Net cash used in operating activities</b>   | (2,133,745)   | (591,498)   | (2,725,243) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |   |   |             |
| 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)    |
| <b>Net cash generated from financing activities</b>  | 2,135,488   | 730,736   | 2,866,224   |
| <b>Net increase in cash and cash equivalents</b>   | 1,743   | 139,238   | 140,981     |
| Cash and cash equivalents at the beginning of the period   | -   | -   | -           |
| <b>Cash and cash equivalents at end of the period</b>  | 5 1,743   | 139,238   | 140,981     |

The annexed notes 1 to 26 form an integral part of these financial statements.

*MU 10*

**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 (MCPPIV), Meezan Capital Preservation Plan-V (MCPPIV), Meezan Capital Preservation Plan-VI (MCPPIV), Meezan Capital Preservation Plan-VII (MCPPIV) and Meezan Capital Preservation Plan-VIII (MCPPIV) 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 (MCPPIV), Meezan Capital Preservation Plan-VII (MCPPIV) and Meezan Capital Preservation Plan - VIII (MCPPIV) were introduced. A brief description of the plans is as follows:

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| Meezan Capital Preservation Plan-IV (MCPPIV) | <b>Low risk - High return through asset allocation</b><br>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 (MCPPIV)  | <b>Low risk - High return through asset allocation</b><br>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 (MCPPIV) | <b>Low risk - High return through asset allocation</b><br>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)   | <b>Low risk - High return through asset allocation</b><br>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) | <b>Low risk - High return through asset allocation</b><br>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          |
|------------------------------|------|---------------|------------|--------------|----------------|--------------|----------------|
|                              |      | M CPP-IV      | M CPP-V    | M CPP-VI     | M CPP-VII      | M CPP-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 |            |              |                |              |                |
|                              |      | M CPP-IV      | M CPP-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 |
|  |                              | 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)  |                                   |
| <b>Meezan Capital Preservation Plan - IV</b>             |                               |                                    |                                      |                     |                                    |                                  |  |   |                                   |
| 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                             |
|  |                               |                                    |                                      |                     | <b>1,605,309</b>                   | <b>1,568,641</b>                 | <b>(36,668)</b>  | <b>101.01</b>                                       | <b>100.00</b>                     |
| <b>Meezan Capital Preservation Plan - V</b>              |                               |                                    |                                      |                     |                                    |                                  |  |   |                                   |
| 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                              | -                   | -                                  | -                                | -  | -   | -                                 |
|  |                               |                                    |                                      |                     | <b>487,034</b>                     | <b>474,109</b>                   | <b>(12,925)</b>  | <b>100.04</b>                                       | <b>100.00</b>                     |
| <b>Meezan Capital Preservation Plan - VI</b>             |                               |                                    |                                      |                     |                                    |                                  |  |   |                                   |
| 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                             |
|  |                               |                                    |                                      |                     | <b>394,683</b>                     | <b>382,823</b>                   | <b>(11,860)</b>  | <b>99.69</b>  | <b>100.00</b>                     |
| <b>Meezan Capital Preservation Plan - VII</b>            |                               |                                    |                                      |                     |                                    |                                  |  |   |                                   |
| 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                             |
|  |                               |                                    |                                      |                     | <b>211,159</b>                     | <b>204,711</b>                   | <b>(6,448)</b>   | <b>98.71</b>  | <b>100.00</b>                     |
| <b>Meezan Capital Preservation Plan - VIII</b>           |                               |                                    |                                      |                     |                                    |                                  |  |   |                                   |
| 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                             |
|  |                               |                                    |                                      |                     | <b>128,555</b>                     | <b>128,551</b>                   | <b>(4)</b>   | <b>98.34</b>  | <b>100.00</b>                     |
| <b>Total investments in units of mutual funds (2019)</b> |                               |                                    |                                      |                     |                                    |                                  |  |   |                                   |
| 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                             |
|  |                               |                                    |                                      |                     | <b>2,826,740</b>                   | <b>2,758,835</b>                 | <b>(67,905)</b>  | <b>100.35</b>                                       | <b>100.00</b>                     |

**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      |
|---|---------------|-----------|------------|-----------|-----------|------------|
|   | MCPV-IV       | MCPV-V    | MCPV-VI    | MCPV-VII  | MCPV-VIII |            |
| <b>AI Meezan Investment Management Limited - Management Company</b> |               |           |            |           |           |            |
| 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        |
| <b>Meezan Bank Limited</b>  |               |           |            |           |           |            |
| 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         |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>     |               |           |            |           |           |            |
| 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         |
| <b>Directors and Executives of the Management Company</b>           |               |           |            |           |           |            |
| Investment (Rs in '000)   | 5,001         | -         | -          | -         | -         | 5,001      |
| Investment (Units)  | 99,772        | -         | -          | -         | -         | 99,772     |
| <b>Meezan Dedicated Equity Fund</b>                                 |               |           |            |           |           |            |
| 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 |
| <b>Meezan Sovereign Fund</b>  |               |           |            |           |           |            |
| 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 |
| <b>Meezan Rozana Amdani Fund</b>                                    |               |           |            |           |           |            |
| 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 |
| <b>Unitholders holding 10% or more units of the Fund</b>            |               |           |            |           |           |            |
| Investment (Rs in '000)   | 163,938       | -         | -          | 29,598    | -         | 193,536    |
| Investment (Units)  | 3,270,818     | -         | -          | 591,506   | -         | 3,862,324  |
| <b>June 30, 2018</b>  |               |           |            |           |           |            |
| Balances  | MCPV-IV       | MCPV-V    | Total      |           |           |            |
| <b>AI Meezan Investment Management Limited - Management Company</b> |               |           |            |           |           |            |
| 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        |           |           |            |
| <b>Meezan Bank Limited</b>  |               |           |            |           |           |            |
| 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        |           |           |            |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>     |               |           |            |           |           |            |
| 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     |           |           |            |
| <b>Meezan Cash Fund</b>   |               |           |            |           |           |            |
| 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     |
| <b>Meezan Dedicated Equity Fund</b>                      |               |           |           |
| Investment (Rs in '000)                                  | 339,919       | 102,986   | 442,905   |
| Investment (Units)                                       | 7,003,244     | 2,121,785 | 9,125,029 |
| <b>Unitholders holding 10% or more units of the Fund</b> |               |           |           |
| 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**

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

**Al Meezan Investment Management Limited - Management Company**

|   |       |     |     |     |    |       |
|---|-------|-----|-----|-----|----|-------|
| 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 |
|---------------------------------------|-----|-----|-----|-----|-----|-------|

**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<br>from March 6,<br>2018 to June<br>30, 2018 | For the period<br>from May 4,<br>2018 to June<br>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<br>cost       | At fair value<br>through<br>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<br>cost       | At fair value<br>through<br>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<br>cost       | At fair value<br>through<br>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:

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 |   |       |

----- 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>    |
| <b>On-balance sheet gap</b>   |  | <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**

| 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>    |
| <b>On-balance sheet gap</b>   |  | <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**

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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.

## 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 ----- |   |  |                   |  |                  |
| <b>Financial assets</b>   |                            |   |  |                   |  |                  |
| 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        |
| <b>Financial liabilities</b>  |                            |   |  |                   |  |                  |
| 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           |
| <b>Net assets / (liabilities)</b>                                       | <b>(5,297)</b>             | <b>(590)</b>                              | <b>-</b>                               | <b>-</b>          | <b>2,758,835</b>                             | <b>2,752,948</b> |

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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 -----  |   |  |                   |  |                  |
| <b>Financial assets</b>   |   |  |                   |  |                  |
| 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        |
| <b>Financial liabilities</b>  |   |  |                   |  |                  |
| 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           |
| <b>Net assets / (liabilities)</b>                                       | <b>128,205</b>                            | <b>(486)</b>                           | <b>-</b>          | <b>2,729,746</b>                             | <b>2,857,465</b> |

### 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                             |
|  | <b>2,768,807</b>                                   | <b>9,972</b>                    | <b>2,873,666</b>                                   | <b>141,131</b>                  |

#### 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%        |
|                     |        | <b>9,875</b>                                      | <b>140,982</b> | <b>100.00%</b>                               | <b>100.00%</b> |

## 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 ----- |           |         |
| <b>Financial assets</b>              |                            |           |         |                            |           |         |
| 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

|                  | MCPPIV              |                   |                                | MCPPIV              |                   |                                |
|------------------|---------------------|-------------------|--------------------------------|---------------------|-------------------|--------------------------------|
|                  | 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                           |
| <b>Total</b>     | <b>1,027</b>        | <b>1,553,048</b>  | <b>100.00</b>                  | <b>1,445</b>        | <b>2,115,370</b>  | <b>100.00</b>                  |

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|                  | MCPV                |                   |                                | MCPV                |                   |                                |
|------------------|---------------------|-------------------|--------------------------------|---------------------|-------------------|--------------------------------|
|                  | 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                          |
| <b>Total</b>     | <b>516</b>          | <b>473,907</b>    | <b>100.00</b>                  | <b>656</b>          | <b>733,368</b>    | <b>100.00</b>                  |

|                  | MCPV VI             |                   |                                | MCPV 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                           | -                   | -                 | -                              |
| <b>Total</b>     | <b>609</b>          | <b>384,026</b>    | <b>100.00</b>                  | <b>-</b>            | <b>-</b>          | <b>-</b>                       |

|                  | MCPV VII            |                   |                                | MCPV 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           | -                   | -                 | -                              | -                   | -                 | -                              |
| <b>Total</b>     | <b>490</b>          | <b>207,412</b>    | <b>100.00</b>                  | <b>-</b>            | <b>-</b>          | <b>-</b>                       |

|                  | MCPV VIII           |                   |                                | MCPV 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                           | -                   | -                 | -                              |
| <b>Total</b>     | <b>459</b>          | <b>130,724</b>    | <b>100.00</b>                  | <b>-</b>            | <b>-</b>          | <b>-</b>                       |



**21 PERFORMANCE TABLE**

|  | June 30, 2019 |         |         |          |           |
|--|---------------|---------|---------|----------|-----------|
|  | MCPPIV        | MCPPIV  | MCPPIVI | MCPPIVII | MCPPIVIII |
| 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 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        |

**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 Shoaib   | 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)**

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Chief Executive

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Chief Financial Officer

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

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

|                                 |                         |
|---------------------------------|-------------------------|
| Mr. Ariful Islam                | Chairman                |
| Mr. Mohammad Shoaib, CFA        | Chief Executive Officer |
| Mr. Muhammad Abdullah Ahmed     | Nominee Director - MBL  |
| Mr. Mohammad Furquan R Kidwai   | Independent Director    |
| Mr. Ijaz Farooq                 | Nominee Director - MBL  |
| Mr. Moin M. Fudda               | Independent Director    |
| Ms. Saima 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](http://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) | <b>Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual Allocation.</b> |
|---|---|

#### Performance Table with Benchmark

| <b>Returns - FY19</b> |        |
|-----------------------|--------|
| 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                  |
| <b>Total</b>    | <b>236</b>         |

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  
URL: www.cdcpakistan.com  
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      | <b>Net Asset Value</b><br>(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"> <li>Tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>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;</li> <li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> </ul> |

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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"> <li>Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul> |

**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<br>MCPPI-IX<br>(Rupees in '000) |
|---|------|---|
| <b>Assets</b>   |      |   |
| Balances with banks   | 5    | 15,908  |
| Investments   | 6    | 18,944  |
| Profit accrued on balances with banks                                   |      | 26  |
| <b>Total assets</b>   |      | <u>34,878</u>                                 |
| <b>Liabilities</b>  |      |   |
| 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  |
| <b>Total liabilities</b>  |      | <u>948</u>                                    |
| <b>Net assets</b>   |      | <u>33,930</u>                                 |
| <b>Unitholders' fund (as per statement attached)</b>                    |      | <u>33,930</u>                                 |
| <b>Contingencies and commitments</b>                                    | 11   |   |
|   |      | <b>(Number of units)</b>                      |
| <b>Number of units in issue</b>   |      | <u>703,396</u>                                |
|   |      | <b>(Rupees)</b>                               |
| <b>Net assets value per unit</b>  |      | <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<br>from May 20,<br>2019 to June<br>30, 2019<br>MCPPI-IX<br>(Rupees in '000) |
|--|------|--|
| <b>Income</b>  |      |  |
| Loss on sale of investments  |      | (45)   |
| Profit on balance with banks   |      | 32   |
|  |      | (13)   |
| Net unrealised diminution on re-measurement of investments -<br>'at fair value through profit or loss' | 6.1  | (211)  |
| <b>Total loss</b>  |      | (224)  |
| <b>Expenses</b>  |      |  |
| Remuneration to AI Meezan Investment Management<br>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<br>Pakistan Limited - Trustee                            | 8.1  | 1  |
| Sindh Sales Tax on remuneration of the Trustee   | 8.2  | -  |
| Annual fee to Securities and Exchange Commission<br>of Pakistan  |      | 1  |
| Auditors' remuneration   | 12   | 50   |
| Fees and subscription  |      | 30   |
| Bank and settlement charges  |      | 4  |
| <b>Total expenses</b>  |      | 92   |
| <b>Net loss for the period before taxation</b>   |      | (316)  |
| Taxation   |      | -  |
| <b>Net loss for the period after taxation</b>  |      | (316)  |
| <b>Allocation of net income for the year</b>   |      |  |
| Net income for the period after taxation   |      | -  |
| Income already paid on units redeemed  |      | -  |
|  |      | -  |
| <b>Accounting income available for distribution</b>  |      |  |
| - Relating to capital gains  |      | -  |
| - Excluding capital gains  |      | -  |
|  |      | -  |

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  
MCPPIX  
(Rupees in '000)**

|  |                     |
|--|---------------------|
| <b>Net loss for the period after taxation</b>  | (316)               |
| Other comprehensive income for the period      | -                   |
| <b>Total comprehensive loss for the period</b> | <u><u>(316)</u></u> |

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

All in

**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)                                     |                  |                       |
| <b>Issuance of units:</b>                            |                  |                       |
| 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                |
| <b>Redemption of units:</b>                          |                  |                       |
| 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)                 |
| <b>Net assets at the end of the period</b>           | <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)            |                       |
| <b>Accumulated losses carried forward</b>            | <u>(316)</u>     |                       |
| <b>Accumulated losses carried forward</b>            |                  |                       |
| - 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  
CASH FLOW STATEMENT  
FOR THE PERIOD FROM MAY 20, 2019 TO JUNE 30,2019**



**Meezan**  
Strategic Allocation Fund-III

|  | Note | For the period<br>from May 20,<br>2019 to June<br>30, 2019<br>MCPPI-IX<br>(Rupees in '000) |
|--|------|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |      |  |
| Net loss for the period before taxation  |      | (316)  |
| Net unrealised diminution on re-measurement<br>of investments 'at fair value through profit or loss' | 5.1  | 211<br><u>(105)</u>  |
| <b>Increase in assets</b>  |      |  |
| Investments - net  |      | (19,155)   |
| Profit accrued on balances with banks  |      | (26)<br><u>(19,181)</u>  |
| <b>Increase in liabilities</b>   |      |  |
| Payable to Al Meezan Investment Management Limited - Management Company                              |      | 866  |
| Payable to Central Depository Company of Pakistan Limited - Trustee                                  |      | 1  |
| Payable to Securities and Exchange Commission of Pakistan  |      | 1  |
| Accrued expenses and other liabilities   |      | 80<br><u>948</u>   |
| <b>Net cash used in operating activities</b>   |      | <u>(18,338)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |      |  |
| Receipts against issuance and conversion of units  |      | 34,262   |
| Payments against redemption and conversion of units  |      | (16)<br><u>34,246</u>  |
| <b>Net cash generated from financing activities</b>  |      | <u>34,246</u>  |
| <b>Net increase in cash and cash equivalents</b>   |      | <u>15,908</u>  |
| Cash and cash equivalents at the beginning of the period   |      | -  |
| <b>Cash and cash equivalents at the end of the period</b>  |      | <u><u>15,908</u></u>   |

The annexed notes 1 to 25 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 - 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<br>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. |
|--|--|

**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:

| <b>Amendments</b>  | <b>Effective date (accounting periods beginning on or after)</b> |
|--|--|
| - 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<br>MCPPI-IX<br>Rupees in '000 |
|---|------|---|
| <b>5 BALANCES WITH BANKS</b>  |      |   |
| Saving accounts   | 5.1  | <u>15,908</u>                               |
| 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  |
|----------|--|------|----------------|
|          |  |      | MCP-IX         |
|          |  |      | Rupees in '000 |
| <b>6</b> | <b>INVESTMENTS</b>                                   |      |                |
|          | 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)                      |
| <b>Meezan Capital Preservation Plan - IX</b> |                             |                         |                     |                                    |                                  |  |                                   |
| 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  |
|----------|--|------|----------------|
|          |  |      | MCP-IX         |
|          |  |      | Rupees in '000 |
| <b>7</b> | <b>PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - Management Company</b> |      |                |
|          | 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  |
|----------|--|------|----------------|
|          |  |      | MCP-IX         |
|          |  |      | Rupees in '000 |
| <b>8</b> | <b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - Trustee</b> |      |                |
|          | 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:

| <b>Net assets</b>   | <b>Tariff</b>  |
|---------------------|--|
| 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.

|  | <b>June 30, 2019</b>  |
|--|-----------------------|
|  | <b>MCPPI-IX</b>       |
|  | <b>Rupees in '000</b> |
| <b>10 ACCRUED EXPENSES AND OTHER LIABILITIES</b> |                       |
| 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.

|                                  | <b>For the period</b> |
|----------------------------------|-----------------------|
|                                  | <b>from May 20,</b>   |
|                                  | <b>2019 to June</b>   |
|                                  | <b>30, 2019</b>       |
|                                  | <b>MCPPI-IX</b>       |
|                                  | <b>Rupees in '000</b> |
| <b>12 AUDITORS' REMUNERATION</b> |                       |
| Annual audit fee                 | 50                    |
|                                  | 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 MCPPI - 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<br>30, 2019<br>MCPPIX<br>Rupees in '000         |
|---|--|
| <b>AI Meezan Investment Management Limited - Management Company</b> |  |
| 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   |
| <b>Meezan Bank Limited</b>  |  |
| Bank balance (Rs in '000)   | 15,898   |
| Profit receivable (Rs in '000)                                      | 26   |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>     |  |
| Trustee fee payable (Rs. in '000)                                   | 1  |
| Sindh Sales Tax on trustee fee payable (Rs. in '000)                | -  |
| <b>Meezan Dedicated Equity Fund</b>                                 |  |
| Investment (Rs in '000)   | 5,449  |
| Investment (Units)  | 153,424  |
| <b>Meezan Cash Fund</b>   |  |
| Investment (Rs in '000)   | 3,259  |
| Investment (Units)  | 64,627   |
| <b>Meezan Sovereign Fund</b>  |  |
| Investment (Rs in '000)   | 10,236   |
| Investment (Units)  | 198,820  |
| <b>Unitholders holding 10% or more units of the Fund</b>            |  |
| Investment (Rs in '000)   | 4,802  |
| Investment (Units)  | 99,555   |
|   | For the period<br>from May 20,<br>2019 to June<br>30, 2019 |
|   | MCPPIX<br>Rupees in '000                                   |
| <b>AI Meezan Investment Management Limited - Management Company</b> |  |
| Remuneration for the period (Rs in '000)                            | 4  |
| Sindh Sales Tax on management fee (Rs in '000)                      | 1  |
| Allocated expenses (Rs in '000)                                     | 1  |
| <b>Meezan Bank Limited</b>  |  |
| Profit on saving account (Rs in '000)                               | 32   |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>     |  |
| 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

MCPPIX  
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<br>cost       | At fair value<br>through profit<br>or loss | Total         |
| ----- Rupees in '000 ----- |  |               |
| 15,908                     | -  | 15,908        |
| -                          | 18,944                                     | 18,944        |
| 26                         | -  | 26            |
| <u>15,934</u>              | <u>18,944</u>                              | <u>34,878</u> |

#### Financial assets

|                                       |  |
|---------------------------------------|--|
| Balances with banks                   |  |
| Investments                           |  |
| Profit accrued on balances with banks |  |

| ----- 2019 -----                           |                      |            |
|--|----------------------|------------|
| At fair value<br>through profit<br>or loss | At amortised<br>cost | Total      |
| ----- Rupees in '000 -----                 |                      |            |
| -  | 866                  | 866        |
| -  | 1                    | 1          |
| -  | 80                   | 80         |
| <u>-</u>                                   | <u>947</u>           | <u>947</u> |

#### 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                                  |  |

## 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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**(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. 0.159 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:

| 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% | 15,908 | - | - | -      | 15,908 |
| Investments                           |                 | -      | - | - | 18,944 | 18,944 |
| Profit accrued on balances with banks |                 | -      | - | - | 26     | 26     |
|                                       |                 | 15,908 | - | - | 18,970 | 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  |
|   |  |   |   |   | 947 | 947 |

|                             |  |        |   |   |        |        |
|-----------------------------|--|--------|---|---|--------|--------|
| <b>On-balance sheet gap</b> |  | 15,908 | - | - | 18,023 | 33,931 |
|-----------------------------|--|--------|---|---|--------|--------|

**Off-balance sheet financial instruments**

|                              |  |   |   |   |   |   |
|------------------------------|--|---|---|---|---|---|
| <b>Off-balance sheet gap</b> |  | - | - | - | - | - |
|------------------------------|--|---|---|---|---|---|

|  |  |   |   |   |   |   |
|--|--|---|---|---|---|---|
| <b>Total profit rate sensitivity gap</b> |  | - | - | - | - | - |
|--|--|---|---|---|---|---|

|   |  |   |   |   |   |   |
|---|--|---|---|---|---|---|
| <b>Cumulative profit rate sensitivity gap</b> |  | - | - | - | - | - |
|---|--|---|---|---|---|---|

**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.

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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 |   |  |                   |  |        |
| <b>Financial assets</b>   |                |   |  |                   |  |        |
| 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 |
| <b>Financial liabilities</b>  |                |   |  |                   |  |        |
| 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    |
| <b>Net assets / (liabilities)</b>                                       | 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 |         |         |
| <b>Financial assets</b>              |                |         |         |
| 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                           |
| <b>Total</b>    | <b>236</b>          | <b>33,930</b>     | <b>100</b>                     |

## 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.



For AI Meezan Investment Management Limited  
(Management Company)

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 Chief Executive

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 Chief Financial Officer

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 Director