



Al Meezan
Investment Management Ltd.

MEEZAN

ISLAMIC INCOME FUND (MIIF)

Meezan Islamic Income Fund is Pakistan's first Shariah Compliant income fund scheme. The purpose of Meezan Islamic Income Fund is to provide investors with a high and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation.



ISLAMIC BANKING ASSETS EXPANDED BY



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Moin M. Fudda	Nominee Director - MBL
Mr. Furquan R Kidwai	Independent Director
Mr. Mubashar Maqbool	Nominee Director - PKIC
Mr. Tariq Mairaj	Nominee Director - MBL
Mr. Naeem Sattar	Nominee Director - PKIC
Mr. Feroz Rizvi	Independent Director
Ms. Danish Zuberi	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Tariq Mairaj	Member
Mr. Naeem Sattar	Member

RISK MANAGEMENT COMMITTEE

Mr. Mubashar Maqbool	Chairman
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Mubashar Maqbool	Member
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Islamic Income Fund (MIIF)

Type of Fund

Open end mutual fund which falls under the Income Fund category.

Objective

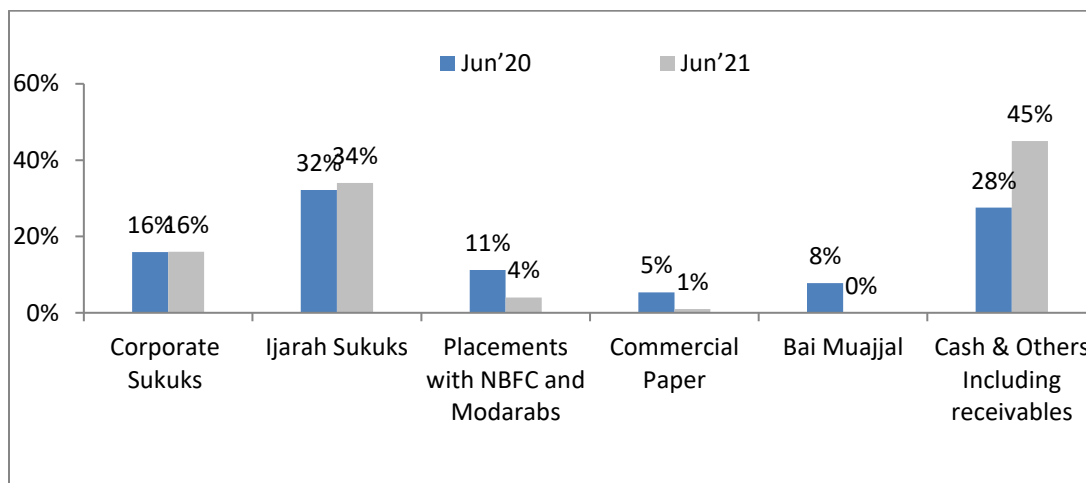
The Fund's primary objective is to provide investors with a competitive and stable rate of current income in a Shariah compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation. The Fund shall seek to provide investors with a rate of total return consistent with a broadly diversified portfolio of long, medium and short term high quality Islamic Income instruments.

Strategy, Investment policy and asset allocation

MIIF invests in Corporate and Sovereign Sukuk (Islamic Bonds), Musharaka and Murabaha instruments, Shariah Compliant spread transactions, Certificate of Islamic Investments, Islamic bank deposits, and other Islamic Income products..

During the year, the focus was on proactive and continuous reallocation between high yield instruments, so as to maximize fund yield, while maintaining a balance within the risk management constraints. Term Deposits and Bai Muajjal were also placed in order to lock in relatively higher profit rates.

Sector Allocation as on June 30, 2020 and 2021



Performance Review

During FY21, Meezan Islamic Income Fund (MIIF) provided a full year return of 6.64% as compared to its benchmark return of 3.56%.

The fund manager remained on a continuous look out for deployment opportunities in high quality Corporate Sukuk and investments were made in Sukuk issued by companies in the Pharmaceuticals, and Power sector during the year. In line with monetary easing expectations, TDRs above three months' tenor were placed during the year. The fund has four non performing Sukuk currently (Sukuk of Eden Housing Limited, Security Leasing Company Limited, Arzoo Textile Mills Limited and Hascol Petroleum Limited) but it is pertinent to note that Eden Housing Limited Sukuk, Arzoo Textile Mills Sukuk and Security Leasing Company Limited stand fully provided whereas 55% of Hascol Petroleum Limited Sukuk stand provided for. A case for Arzoo Textile Mills Limited Sukuk is already under contestation in the courts, whereas for Eden Housing Limited, Security Leasing Limited and Hascol Petroleum Limited negotiations have not been very fruitful so it appears that the most likely way forward will be procession of legal proceedings against the respective companies but the Sukuk holders are yet to reach a conclusion on the matter. As at year end, the fund was invested 54% in Islamic Sukuk/Ijarah, 4% in Modarabas and DFIs



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and other 42% in Islamic Bank Deposits including other receivables.

The Fund earned a gross income of Rs. 2,701 million, which was primarily due to profit on Sukuk certificates amounting worth Rs. 1,282 million. Profit on saving accounts at Islamic banks contributed Rs. 953 million, profit on musharakah certificates Rs. 89 million, Profit on term deposit Rs. 128 million while realized gain on sale of Sukuks certificates was Rs. 42 million. On the other side, the fund incurred unrealized appreciation worth Rs. 93 million and also recorded provision against sukuk certificate Rs. 54 million. The fund also incurred expenses totalling to Rs. 466 million, which brought the net income figure to Rs. 2,235 million. The net assets of the Fund as at June 30, 2021 were Rs. 27,246 million as compared to Rs. 27,776 million at the end of last year depicting an decrease of 2%. The net asset value per unit as at June 30, 2021 was Rs. 51.4736 (Ex-Dividend) as compared to Rs. 51.4656 per unit as on June 30, 2020.

	MIIF	Islamic Bank Deposits
Net Asset Value as on June 30, 2020	51.47	
Net Asset Value as on June 30, 2021	51.47	
Return for the year	6.64%	3.56%
Outperformance	3.08%	

Fund Rating

VIS Credit Rating Company has assigned Stability Rating of A+(f) to Meezan Islamic Income Fund.

Distributions

The interim distribution in the form of cash dividend by the Fund during the fiscal year ended June 30, 2021 was Rs. 3.41 per unit (6.82%). Total distribution made by the fund was Rs. 1,704 million.

Breakdown of unit holdings by size:

(As on June 30, 2021)

Range (Units)	No. of investors
1 - 9,999	15,993
10,000 - 49,999	3,907
50,000 - 99,999	854
100,000 - 499,999	614
500,000 and above	104
Total	21,472

PERFORMANCE TABLE

	2021	2020	2019
Net assets (Rs '000) (ex-distribution)	27,246,175	27,776,365	9,471,322
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution)	51.4736	51.4656	51.4367
Offer price per unit as at June 30 (Rs) (ex-distribution)	52.0552	51.7563	51.7273
Distribution (%)			
- Interim			
- First quarter	-	-	-
- Second quarter	-	-	-
- Third quarter	-	-	-
- Fourth quarter	6.82%	11.77%	8.09%
- Annual	-	-	-
Dates of distribution (interim)			
- First quarter	-	-	-
- Second quarter	-	-	-
- Third quarter	-	-	-
- Fourth quarter	June 30, 2021	June 26, 2020	June 28, 2019
Dates of distribution (annual)	-	-	-
Income distribution (Rupees in '000)	-	-	-
Growth distribution (Rupees in '000)	-	-	-
Highest offer price per unit (Rs)	55.4980	57.6066	55.7518
Lowest offer price per unit (Rs)	51.7670	51.7273	51.6976
Highest redemption price per unit (Rs)	54.8779	57.2830	55.4386
Lowest redemption price per unit (Rs)	51.4736	51.4367	51.4072
Total return (%)	6.64%	11.57%	7.92%
Weighted Average Portfolio Duration (years)	0.20	0.19	0.10
	One year	Two year	Three year
Average annual return (%) as at June 30, 2021	6.64%	9.08%	8.69%

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.



Meezan Bank
The Premier Islamic Bank



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

August 2, 2021/ Dhu Al-Hijjah 22, 1442

Alhamdulillah, the period from July 01, 2020 to June 30, 2021 was the Fourteenth year of operations of Meezan Islamic Income Fund (MIIF) under management of Al Meezan Investment Management Limited (AMIM). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 7.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *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 with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MIIF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MIIF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MIIF for the year ended June 30, 2021 have been in compliance with *Shari'ah* principles.

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

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shariah Advisor

Meezan Bank Ltd.

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ISLAMIC INCOME FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Income Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 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, 2021



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Islamic Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Islamic Income Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, 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, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2021 amounted to Rs 15,889.474 million and balances with banks aggregated to Rs 12,514.171 million. The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none">Tested the design and operating effectiveness of the key controls for valuation of investments;Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2021 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; andObtained bank reconciliation statements and tested reconciling items on a sample basis.

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Other Information

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

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

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

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

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

AUIC



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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


Chartered Accountants
Karachi

Date: September 15, 2021



**MEEZAN ISLAMIC INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021**

	2021	2020
Note	----- Rupees in '000 -----	
Assets		
Balances with banks	5 12,514,171	6,857,317
Investments	6 15,889,474	20,666,580
Receivable against conversion of units	18,133	425,168
Receivable against sale of investments	506	-
Advance, deposits, prepayments and other receivables	7 256,318	299,311
Total assets	28,678,602	28,248,376
Liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	8 35,570	34,512
Payable to Central Depository Company of Pakistan Limited - Trustee	9 2,460	1,993
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10 6,965	4,264
Payable to Meezan Bank Limited	2,424	2,886
Payable against conversion and redemption of units	952,543	83,924
Dividend payable	36,220	-
Accrued expenses and other liabilities	11 396,245	344,432
Total liabilities	1,432,427	472,011
NET ASSETS	<u>27,246,175</u>	<u>27,776,365</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	<u>27,246,175</u>	<u>27,776,365</u>
CONTINGENCIES AND COMMITMENTS	12	
NUMBER OF UNITS IN ISSUE	<u>529,323,430</u>	<u>539,707,519</u>
NET ASSET VALUE PER UNIT	<u>51.4736</u>	<u>51.4656</u>

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

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

Chief Executive

Chief Financial Officer

Director

MEEZAN ISLAMIC INCOME FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		----- Rupees in '000 -----	
Income			
Profit on sukuk certificates		1,282,368	952,303
Profit on term deposits		128,084	-
Profit on musharakah certificates		89,240	130,177
Profit on Bai Muajjal		166,811	193,977
Net realised gain on sale of sukuk certificates		41,768	29,054
Profit on saving accounts with banks		953,206	1,331,790
Other income		390	2,766
		2,661,867	2,640,067
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	93,029	17,758
Total income		<u>2,754,896</u>	<u>2,657,825</u>
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	174,135	172,759
Sindh Sales Tax on remuneration of the Management Company	8.2	22,638	22,459
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	26,120	15,991
Sindh Sales Tax on remuneration of the Trustee	9.2	3,396	2,079
Annual fee to the Securities and Exchange Commission of Pakistan (SECP)	10	6,965	4,264
Allocated expenses	13	52,240	31,663
Selling and marketing expenses	14	128,003	85,284
Auditors' remuneration	15	628	630
Fees and subscription		1,414	1,283
Legal and professional charges		329	-
Brokerage expense		2,213	1,541
Bank and settlement charges		2,308	1,195
Provision against sukuk	6.1.2.2.3	54,259	-
Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	45,605	46,374
Total expenses		<u>520,253</u>	<u>385,522</u>
Net income for the year before taxation		<u>2,234,643</u>	<u>2,272,303</u>
Taxation	17	-	-
Net income for the year after taxation		<u>2,234,643</u>	<u>2,272,303</u>
Allocation of net income for the year			
Net income for the year after taxation		2,234,643	2,272,303
Income already paid on units redeemed		(1,400,156)	(1,158,723)
		<u>834,487</u>	<u>1,113,580</u>
Accounting income available for distribution			
- Relating to capital gains		134,797	46,812
- Excluding capital gains		699,690	1,066,768
		<u>834,487</u>	<u>1,113,580</u>

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



**MEEZAN ISLAMIC INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	----- Rupees in '000 -----	
Net income for the year after taxation	2,234,643	2,272,303
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>2,234,643</u></u>	<u><u>2,272,303</u></u>

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

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

Chief Executive

Chief Financial Officer

Director

MEEZAN ISLAMIC INCOME FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2021

	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	27,541,424	234,941	27,776,365	9,297,919	173,403	9,471,322
Issuance of 1,310,569,532 units (2020: 1,172,125,350 units)						
- Capital value (at net asset value per unit at the beginning of the year)	67,449,247	-	67,449,247	60,290,260	-	60,290,260
- Element of income	2,298,905	-	2,298,905	3,693,233	-	3,693,233
Total proceeds on issuance of units	69,748,152	-	69,748,152	63,983,493	-	63,983,493
Redemption of 1,320,953,621 units (2020: 816,553,488 units)						
- Capital value (at net asset value per unit at the beginning of the year)	67,983,671	-	67,983,671	42,000,817	-	42,000,817
- Element of loss	1,425,300	1,400,156	2,825,456	1,964,752	1,158,723	3,123,475
Total payments on redemption of units	69,408,971	1,400,156	70,809,127	43,965,569	1,158,723	45,124,292
Total comprehensive income for the year	-	2,234,643	2,234,643	-	2,272,303	2,272,303
Distribution for the year ended June 30, 2020	-	-	-	-	(1,052,042)	(1,052,042)
Distribution for the year ended June 30, 2021	-	(828,248)	(828,248)	-	-	-
Refund of Capital for the year ended June 30, 2020	-	-	-	(1,774,419)	-	(1,774,419)
Refund of Capital for the year ended June 30, 2021	(875,610)	-	(875,610)	-	-	-
Total distribution during the year	(875,610)	(828,248)	(1,703,858)	(1,774,419)	(1,052,042)	(2,826,461)
Net assets at the end of the year	27,004,995	241,180	27,246,175	27,541,424	234,941	27,776,365
Undistributed income brought forward						
- Realised income		217,183			192,274	
- Unrealised income / (loss)		17,758			(18,871)	
		234,941			173,403	
Accounting income available for distribution (after adjusting income already paid on units redeemed)						
- Relating to capital gains		134,797			46,812	
- Excluding capital gains		699,690			1,066,768	
		834,487			1,113,580	
Interim distribution during the year at Rs. 5.8863 per unit i.e. 11.77% of the par value of Rs. 50/- each (June 26, 2020)		-			(1,052,042)	
Interim distribution during the year at Rs. 3.4123 per unit i.e. 6.82% of the par value of Rs. 50/- each (June 30, 2021)		(828,248)			-	
Undistributed income carried forward		241,180			234,941	
Undistributed income carried forward						
- Realised income		148,151			217,183	
- Unrealised income		93,029			17,758	
		241,180			234,941	
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the year	51.4656			51.4367		
Net assets value per unit at the end of the year	51.4736			51.4656		

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



**MEEZAN ISLAMIC INCOME FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

Note	2021	2020
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	2,234,643	2,272,303
Adjustments for:		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2 (93,029)	(17,758)
	2,141,614	2,254,545
Decrease / (increase) in assets		
Investments - net	4,870,135	(14,194,603)
Receivable against sale of investments	(506)	-
Advance, deposits, prepayments and other receivables	42,993	(40,329)
	4,912,622	(14,234,932)
Increase / (decrease) in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	1,058	14,655
Payable to Central Depository Company of Pakistan Limited - Trustee	467	1,155
Payable to the Securities and Exchange Commission of Pakistan (SECP)	2,701	(3,558)
Payable to Meezan Bank Limited	(462)	2,487
Accrued expenses and other liabilities	51,813	201,713
	55,577	216,452
Net cash generated from / (used in) operating activities	7,109,813	(11,763,935)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	69,279,577	61,787,708
Payments against redemption and conversion of units	(69,940,508)	(45,085,431)
Dividend paid	(792,028)	(1,052,042)
Net cash (used in) / generated from financing activities	(1,452,959)	15,650,235
Net increase in cash and cash equivalents	5,656,854	3,886,300
Cash and cash equivalents at the beginning of the year	6,857,317	2,971,017
Cash and cash equivalents at the end of the year	5 12,514,171	6,857,317

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

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

Chief Executive

Chief Financial Officer

Director

MEEZAN ISLAMIC INCOME FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Islamic Income Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on September 13, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) notified through S.R.O. 1203 (I) / 2008 on November 21, 2008. The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund has been formed to provide the unit holders safe and stable stream of halal income on their investments and to generate superior long-term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point of time. Under the Trust Deed all conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as an Open End Shariah Compliant (Islamic) Income Scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4** The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2020 (2020: AM1 dated December 31, 2019) and by PACRA dated June 23, 2021 (2020: AM1 dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of A+(f) by VIS Credit Rating Company Limited dated January 12, 2021.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.6** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company has submitted Collective Investment Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020) to fulfill the requirement for registration of Trust Deed under Sindh Trusts Act, 2020.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

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

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

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments 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 judgments 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 judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6) and provision for taxation (note 4.13 and 17).

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 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.

4.3.2 Classification and subsequent measurement

a) Debt instruments

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

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

b) Impairment

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

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

c) Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

4.3.3 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

4.3.4 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.

4.3.5 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redemption price represents the NAV per unit as on the close of business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on saving account with banks is recognised on time proportion basis using the effective yield method.
- Income on sukuk certificates, term deposit receipts, musharakah certificates and government securities is recognised on time proportion basis using the effective yield except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Income on bai muajjal is recognised on time proportion basis, the difference between the sale and the credit price is recognised over the credit period.

4.12 Expenses

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

4.13 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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

4.14 Earnings / (loss) per unit

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

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

4.15 Foreign currency translation

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

	Note	2021	2020
		----- Rupees in '000 -----	
5	BALANCES WITH BANKS		
Balances with banks in:			
Savings accounts	5.1	12,514,127	6,857,273
Current account		44	44
		<u>12,514,171</u>	<u>6,857,317</u>
5.1	These includes a balance of Rs. 90.730 million (2020: Rs. 267.669 million) maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.5% (2020: 3%) per annum. Other profit and loss sharing accounts of the Fund have expected profit rates ranging from 1.50% to 7.32% per annum (2020: 1.50% to 7.50% per annum).		
	Note	2021	2020
		----- Rupees in '000 -----	
6	INVESTMENTS		
Investments - 'at fair value through profit or loss'			
Sukuk certificates	6.1	14,341,463	13,586,435
Certificates of musharakah	6.3	1,200,000	1,600,000
Commercial papers	6.4	348,011	1,522,415
Bai Muajjal receivable		-	3,957,730
		<u>15,889,474</u>	<u>20,666,580</u>
6.1	Sukuk certificates		
Government securities	6.1.1	9,816,183	9,081,390
Corporate sukuks	6.1.2	4,525,280	4,505,045
		<u>14,341,463</u>	<u>13,586,435</u>

6.1.1 Government securities

Name of the security	Profit payments / Principal redemptions	Issue date	Maturity date	Profit rate	As at July 1, 2020	Purchases during the year	Sales / maturity during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution)	Percentage in relation to	
												Net assets of the Fund	Total market value of investment
									(Rupees in '000)		%		
GoP Ijarah Sukuk Certificates - XX (note 6.1.1.1)	Semi-annually	April 30, 2020	April 30, 2025	Weighted average 6 months T-Bills	1,870	22,950	24,820	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXI (note 6.1.1.1)	Semi-annually	May 29, 2020	May 29, 2025	Weighted average 6 months T-Bills	-	2,000	-	2,000	200,600	201,260	660	0.74	1.27
GoP Ijarah Sukuk Certificates - XXII (note 6.1.1.1)	Semi-annually	June 24, 2020	June 24, 2025	Weighted average 6 months T-Bills	-	4,500	2,160	2,340	236,621	235,404	(1,217)	0.86	1.48
GoP Ijarah Sukuk Certificates - XXIII - VRR (note 6.1.1.1)	Semi-annually	July 29, 2020	July 29, 2025	Weighted average 6 months T-Bills	-	1,000	1,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIII - FRR (note 6.1.1.1)	Semi-annually	July 29, 2020	July 29, 2025	Weighted average 6 months T-Bills	-	1,000	1,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIV - FRR (note 6.1.1.1)	Semi-annually	December 9, 2020	December 9, 2025	Weighted average 6 months T-Bills	-	84,500	69,140	15,360	1,541,786	1,550,131	8,345	5.69	9.76
Pakistan Energy Sukuk II (note 6.1.1.1)	Semi-annually	May 21, 2020	May 21, 2030	6 months KIBOR plus base rate of (0.10%)	1,780,000	1,547,000	1,773,550	1,553,450	7,768,165	7,829,388	61,223	28.74	49.27
Total as at June 30, 2021									9,747,172	9,816,183	69,011	36.03	61.78
Total as at June 30, 2020									9,087,000	9,081,390	(5,610)	33.04	43.94

6.1.1.1 The nominal value of these sukuk certificates is Rs 100,000 each except for Pakistan Energy Sukuk Certificates having nominal value of Rs. 5,000 each.

6.1.2 Corporate sukuks

Name of the security	Profit payments / Principal redemptions	Maturity date	Profit rate	As at July 1, 2020	Purchases during the year	Sales / redemptions during the year	As at June 30, 2021	* Carrying value as at June 30, 2021	* Market value as at June 30, 2021	Unrealised appreciation / (diminution)	Percentage in relation to	
											Net assets of the Fund	Total market value of investment
									(Rupees in '000)		%	
Arzoo Textile Mills Limited (note 6.1.2.2 & 6.1.2.2.1) *		April 15, 2014	6 months KIBOR plus base rate of 2%	14,000	-	-	14,000	-	-	-	-	-
Eden Housing Limited (note 6.1.2.2 & 6.1.2.2.1) *		September 29, 2014	6 months KIBOR plus base rate of 2.5%	59,400	-	-	59,400	-	-	-	-	-
Security Leasing Corporation Limited II (note 6.1.2.2 & 6.1.2.2.2) *		January 19, 2022	Nil	3,081	-	-	3,081	-	-	-	-	-

Name of the security	Profit Payments / Principal Redemptions	Maturity Date	Profit rate	As at July 1, 2020	Purchases during the year	Sales / redemptions during the year	As at June 30, 2021	* Carrying value as at June 30, 2021	* Market value as at June 30, 2021	Unrealised appreciation / (diminution)	Percentage in relation to	
											Net assets of the Fund	Total market value of investment
							-----Number of certificates-----		----- (Rupees in '000) -----		----- % -----	
BANKS												
Dubai Islamic Bank Pakistan Limited (AA-, VIS, traded) (note 6.1.2.1)	Semi-annually / At maturity	July 14, 2027	6 months KIBOR plus base rate of 0.5%	538	-	-	538	552,114	553,046	932	2.03	3.48
Meezan Bank Limited Tier - II (AA+, VIS, traded) (note 6.1.2.1)	Semi-annually / At maturity	September 22, 2026	6 months KIBOR plus base rate of 0.50%	298	-	-	298	305,450	308,615	3,165	1.13	1.94
FERTILIZER												
Fatima Fertilizer Company Limited (AA-, PACRA, traded) (note 6.1.2.1)	Semi-annually	November 28, 2021	6 months KIBOR plus base rate of 1.10%	60,200	-	40,132	20,068	100,918	100,653	(265)	0.37	0.63
OIL & GAS MARKETING COMPANIES												
Hascol Petroleum Limited (note 6.1.2.2, 6.1.2.2.3)*	Quarterly	January 6, 2022	3 months KIBOR plus base rate of	28,000	-	8,000	20,000	45,000	45,000	-	0.17	0.28
POWER GENERATION & DISTRIBUTION												
K-Electric Limited (sukuk 5) (AA+, VIS) (note 6.1.2.1)	Quarterly / At maturity	August 3, 2027	3 months KIBOR plus base rate of 1.70%	80,000	240,000	135,400	184,600	931,381	937,307	5,926	3.44	5.90
The Hub Power Company Limited (AA+, PACRA) (note 6.1.2.1)	Quarterly / At maturity	August 22, 2023	3 months KIBOR plus base rate of 1.90%	5,560	20	3,125	2,455	250,765	250,396	(369)	0.92	1.58
The Hub Power Company Limited (AA+, PACRA) (note 6.1.2.1)	Quarterly / At maturity	March 19, 2024	1 year KIBOR plus base rate of 1.90%	6,850	200	500	6,550	655,440	670,720	15,280	2.46	4.22
Hub Power Holdings Limited (AA+, PACRA) (note 6.1.2.1)	Quarterly / At maturity	November 12, 2025	6 months KIBOR plus base rate of 2.5%	-	6,000	-	6,000	528,435	528,435	-	1.94	3.33
Engro Powergen Thar (Private) Limited (A, PACRA, traded) (note 6.1.2.1)	Quarterly	August 2, 2024	3 months KIBOR plus base rate of 1.10%	50,000	12,400	-	62,400	312,750	312,000	(750)	1.15	1.96
PHARMACEUTICALS												
AGP Limited (A+, PACRA, non-traded) (note 6.1.2.1)	Quarterly	June 9, 2022	3 months KIBOR plus base rate of 1.30%	1,311	-	986	325	32,527	32,709	182	0.12	0.21
CEMENT & CONSTRUCTION												
Javedan Corporation Limited (AA-, VIS, non-traded) (note 6.1.2.1 & note 6.1.2.3)	Semi-annually	October 4, 2026	6 months KIBOR plus base rate of 1.75%	1,000	-	83	917	91,665	90,750	(915)	0.33	0.57
STEEL & ALLIED PRODUCTS												
Agha Steel Industries Limited (A, VIS) (note 6.1.2.1 & note 6.1.2.3)	Quarterly / At maturity	October 9, 2025	3 months KIBOR plus base rate of 0.80%	250	-	-	250	250,000	249,459	(541)	0.92	1.57
CHEMICALS												
Engro Polymer and Chemicals Limited (AA, PACRA, non-traded) (note 6.1.2.1)	Quarterly / At the end of 5.5	July 11, 2026	3 months KIBOR plus base rate of 0.90%	3,000	-	2,522	478	48,540	48,804	264	0.18	0.31

Name of the security	Profit Payments / Principal Redemptions	Maturity Date	Profit rate	As at July 1, 2020	Purchases during the year	Sales / redemptions during the year	As at June 30, 2021	* Carrying value as at June 30, 2021	* Market value as at June 30, 2021	Unrealised appreciation / (diminution)	Percentage in relation to	
				Number of certificates			(Rupees in '000)				Net assets of the Fund	Total market value of investment

TEXTILE COMPOSITE

Masood Textile Mills Limited (A, VIS, non-traded) (note 6.1.2.1)	Quarterly	December 17, 2024	3 months KIBOR plus base rate of 2.00%	150	-	-	150	148,776	148,308	(468)	0.54	0.93
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MISCELLANEOUS

International Brands Limited (AA,-VIS, traded) (note 6.1.2.1)	Quarterly / Monthly	November 15, 2021	3 months KIBOR plus base rate of 0.50%	2,859	-	1,218	1,641	162,501	163,751	1,250	0.60	1.03
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Shakarganj Food Products Limited (BBB+, VIS, non-traded) (note 6.1.2.1, 6.1.2.2 & note 6.1.2.2.4)	Quarterly / At maturity	July 10, 2024	3 months KIBOR plus base rate of 1.75%	85	-	-	85	85,000	85,327	327	0.31	0.54
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Total as at June 30, 2021

4,501,262 4,525,280 24,018 16.61 28.48

Total as at June 30, 2020

4,481,677 4,505,045 23,368 16.22 21.80

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

6.1.2.1 The nominal value of these sukuk certificates is Rs 5,000 each except for the sukuk certificates of Eden Housing Limited having nominal value of Rs 984.375, International Brands Limited, AGP Limited, Javedan Corporation Limited, Engro Fertilizer Limited, Engro Polymer and Chemicals Limited and The Hub Power Company Limited having nominal value of Rs. 100,000 each and Dubai Islamic Bank Pakistan Limited, Meezan Bank Limited, Shakarganj Food Products Limited, Agha Steel Industries Limited and Masood Textile Mills Limited having a nominal value of Rs 1,000,000 each respectively.

6.1.2.2 The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Al Meezan Investment Management Limited (the Management Company) classified Meezan Islamic Income Fund (the Fund) as an 'Income Scheme' in accordance with the said circular. As at June 30, 2021, the Fund is compliant with all the requirements of the constitutive documents and said circular except for clauses which requires the rating of any security in the portfolio shall not be lower than the investment grade.

Following investments of the Funds are in sukuks which are non compliant securities. At the time of investment, these were compliant as per SECP criteria and the investment policy of the Fund.

Name of non-compliant investment	Type of Investment	Value of investment before provision	Provision held (if any)	Value of investment after provision	Percentage of	
					Net assets	Total assets
					-----%-----	
					(Rupees in '000)	
Arzoo Textile Mills Limited (note 6.1.2.2.1)	Non-traded sukuk certificates	70,000	70,000	-	-	-
Eden Housing Limited (note 6.1.2.2.1)	Non-traded sukuk certificates	58,472	58,472	-	-	-
Security Leasing Corporation Limited II (note 6.1.2.2.2)	Non-traded sukuk certificates	15,403	15,403	-	-	-
Hascol Petroleum Limited (note 6.1.2.2.3)	Non-traded sukuk certificates	99,259	54,259	45,000	0.17	0.16
Shakarganj Food Products Limited (note 6.1.2.2.4)	Non-traded sukuk certificates	85,327	-	85,327	0.31	0.30
Total - June 30, 2021		328,461	198,134	130,327	0.48	0.46
Total - June 30, 2020		282,145	143,875	138,270	0.50	0.49

6.1.2.2.1 On May 6, 2011, Arzoo Textile Mills Limited and Eden Housing Limited sukuk certificates have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 70 million and Rs. 58.472 million respectively have also been held as provision against the outstanding principal as at June 30, 2021.

6.1.2.2.2 The agreement with Security Leasing Corporation Limited (SLCL) had been amended on February 19, 2012. In accordance with the revised terms no mark-up is payable on the said sukuk as per the approval of contributors to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 3, 2012. Therefore, in accordance with the requirement of circular no.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy of the Fund, an amount of Rs 15.403 million has also been held as provision against the outstanding principal as at June 30, 2021.

6.1.2.2.3 On April 1, 2021, Hascol Petroleum Limited sukuk certificates have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been during the year classified as non-performing asset and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 54.259 million have also been held as provision against the outstanding investment as at June 30, 2021.

Prior to being classified as non performing, sukuk of Hascol Petroleum Limited was assigned a credit rating of BBB- by VIS Credit Rating Company Limited dated April 17, 2020, making it non compliant as per SECP Circular No. 7 of 2009, which requires the rating of any debt security in the portfolio of Income Scheme shall not be lower than the investment grade.

6.1.2.2.4 In accordance with the Offering Document of the Fund, rating of any debt security in the portfolio of Income Scheme shall not be lower than the A-. Sukuk of Shakarganj Food Products Limited has been assigned a credit rating of BBB+ by VIS Credit Rating Company Limited dated November 23, 2020 making it non-compliant with the said constitutive document.

6.1.2.3 Circular No. 33 of 2012 allows the asset manager to apply a mark up/mark down within available limit for valuation of any specific debt security. Exercising the discretionary power, the above mentioned Sukuks of Agha Steel Industries Limited has been valued at a discretionary rate of Rs 99.7834 when the reported market rate on MUFAP valuation sheet as at June 30, 2021 was Rs 98.3059.

6.1.2.4 Sukuk certificates of Hub Power Holdings Limited are carried at their cost as they are not valued by MUFAP.

6.2 Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss	Note	2021	2020
		----- (Rupees in '000) -----	
Market value of investments	6.1.1, 6.1.2, 6.3 & 6.4	15,889,474	16,708,850
Carrying value of investments	6.1.1, 6.1.2, 6.3 & 6.4	<u>(15,796,445)</u>	<u>(16,691,092)</u>
		<u>93,029</u>	<u>17,758</u>

6.3 Details of certificates of musharakah

Name of the investee company	Maturity date	Profit rate	As at July 1, 2020	Placed during the year	Matured during the year	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution)	Percentage in relation	
									Net assets of the Fund	Total market value of investment
			----- (Rupees in '000) -----					----- % -----		
Orix Modaraba	April 29, 2022	7.60	200,000	200,000	200,000	200,000	200,000	-	0.73	1.26
Orix Modaraba	April 29, 2022	7.60	200,000	200,000	200,000	200,000	200,000	-	0.73	1.26
Orix Modaraba	April 29, 2022	7.60	200,000	200,000	200,000	200,000	200,000	-	0.73	1.26
First Habib Modaraba	January 25, 2021	7.05	300,000	316,180	616,180	-	-	-	-	-
First Habib Modaraba	January 26, 2021	7.05	200,000	210,682	410,682	-	-	-	-	-
First Habib Modaraba	January 26, 2021	7.05	250,000	263,093	513,093	-	-	-	-	-
First Habib Modaraba	January 28, 2021	7.05	250,000	262,875	512,875	-	-	-	-	-
First Habib Modaraba	December 1, 2021	7.55	-	300,000	-	300,000	300,000	-	1.10	1.89
First Habib Modaraba	December 21, 2021	7.55	-	300,000	-	300,000	300,000	-	1.10	1.89
Total as at June 30, 2021			<u>1,600,000</u>	<u>2,252,830</u>	<u>2,652,830</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>4.39</u>	<u>7.56</u>
Total as at June 30, 2020			<u>750,000</u>	<u>2,200,000</u>	<u>1,350,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>-</u>	<u>5.76</u>	<u>7.74</u>

6.4 Commercial papers

Name of the security	Maturity date	Profit rate	As at July 1, 2020	Purchases during the year	Sales / maturity during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution)	Percentage in relation	
			Number of certificates			(Rupees in '000)			%		
K-Electric Limited CP-6 (note 6.3.1)	August 26, 2020	6 months KIBOR plus base rate of 1.15%	600	-	600	-	-	-	-	-	-
K-Electric Limited CP-7 (note 6.3.1)	September 10, 2020	6 months KIBOR plus base rate of 1.15%	750	-	750	-	-	-	-	-	-
K-Electric Limited CP-8 (note 6.3.1)	October 6, 2020	6 months KIBOR plus base rate of 1.15%	210	-	210	-	-	-	-	-	-
K-Electric Limited CP-9 (note 6.3.1)	February 12, 2021	6 months KIBOR plus base rate of 1.00%	-	603	603	-	-	-	-	-	-
K-Electric Limited CP-10 (note 6.3.1)	February 26, 2021	6 months KIBOR plus base rate of 0.95%	-	450	450	-	-	-	-	-	-
K-Electric Limited CP-11 (note 6.3.1)	March 9, 2021	6 months KIBOR plus base rate of 0.85%	-	445	445	-	-	-	-	-	-
K-Electric Limited CP-16 (note 6.3.1)	September 16, 2021	6 months KIBOR plus base rate of 0.60%	-	225	-	225	221,140	221,140	-	0.81	1.39
K-Electric Limited CP-18 (note 6.3.1)	October 19, 2021	6 months KIBOR plus base rate of 0.55%	-	130	-	130	126,871	126,871	-	0.47	0.80
Total as at June 30, 2021							348,011	348,011	-	1.28	2.19
Total as at June 30, 2020							1,522,415	1,522,415	-	5.47	7.37

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

7	ADVANCE, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2021	2020
			----- (Rupees in '000) -----	
	Security deposit with Central Depository Company of Pakistan Limited		100	100
	Prepayments		2,971	2,966
	Advance tax	7.1	3,127	2,881
	Profit receivable on balances with banks		90,133	33,027
	Profit receivable on sukuk certificates		153,757	201,784
	Profit receivable on certificates of musharakah		6,230	58,553
			<u>256,318</u>	<u>299,311</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on debt paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on profit on debt amounts to Rs. 3.127 million (2020: Rs. 2.881 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on debt has been shown as other receivables as at June 30, 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2021	2020
		----- (Rupees in '000) -----		
	Remuneration payable	8.1	751	1,038
	Sindh Sales Tax on remuneration payable	8.2	98	135
	Allocated expenses payable	13	4,326	3,548
	Selling and marketing expenses payable	14	27,213	28,001
	Sales load payable		2,815	1,583
	Sindh Sales Tax on sales load payable		366	206
	Certificate charges		1	1
			<u>35,570</u>	<u>34,512</u>

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. During the year, the Management Company has charged the remuneration to 6.5% (2020: 6.5%) of gross earnings of the Fund subject to the minimum of 0.5% of average annual net assets and maximum of 1.5% of average annual net assets.

8.2 During the year, an amount of Rs. 22.638 million (2020: Rs 22.459 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. 22.675 million (2020: Rs. 23.222 million) has been paid to the Management Company which acts as a collecting agent.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2021	2020
		----- (Rupees in '000) -----		
	Trustee fee payable	9.1	2,177	1,764
	Sindh Sales Tax payable on trustee fee	9.2	283	229
			<u>2,460</u>	<u>1,993</u>

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed, at 0.075% (2020: 0.075%) per annum of net assets of the Fund.

9.2 During the year, an amount of Rs 3.396 million (2020: Rs. 2.079 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. 3.342 million (2020: Rs. 1.946 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

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

Accordingly, the Fund has charged the SECP Fee at the rate of 0.02% (2020: 0.02%) of net assets during the current year.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2021	2020
		----- (Rupees in '000) -----		
	Auditors' remuneration payable		430	431
	Printing expenses payable		566	566
	Brokerage payable		207	1,005
	Shariah advisor fee payable		538	538
	Withholding tax payable		123,938	163,288
	Capital gain tax payable		86,196	39,898
	Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	130,733	85,128
	Zakat payable		517	172
	Other accrued expenses payable		61	347
	Provision for Federal Excise Duty payable on remuneration of the Management Company and related Sindh Sales Tax	11.2	50,417	50,417
	Provision for Federal Excise Duty payable on sales load and related Sindh Sales Tax	11.2	2,642	2,642
			<u>396,245</u>	<u>344,432</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 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, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.25 per unit (2020: Re 0.16 per unit).

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 53.059 million (2020: Rs. 53.059 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2021 would have been higher by Re 0.10 (2020: Re 0.10) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

13 ALLOCATED EXPENSES

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

The Management Company based on its own discretion has currently charged 0.15% (2020: 0.1% from July 1, 2019 to July 21, 2019 and 0.15% onwards till the year end) of the average annual net assets of the scheme for allocation of such expenses to the Fund for the year.

14 SELLING AND MARKETING EXPENSES

In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion has charged selling and marketing expenses at 0.4% for the period from July 1, 2020 to March 9, 2021 and 0.3% for the period from March 10, 2021 to June 30, 2021 (2020: 0.4%) of the average annual net assets of the Fund. These expenses have also been approved by the Board of Directors of the Management Company.

15	AUDITORS' REMUNERATION	Note	2021 ----- (Rupees in '000) -----	2020
	Annual audit fee		401	401
	Half yearly review fee		130	130
	Fee for other certifications		92	92
	Out of pocket expenses		5	7
			<u>628</u>	<u>630</u>

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 1.45% (2020: 1.81%) which includes 0.23% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, Federal excise Duties, Annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and executives of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

Transactions with connected persons 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.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

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

Balances	2021 ----- (Rupees in '000) -----	2020
Al Meezan Investment Management Limited (Management Company)		
Remuneration payable to the Management Company	751	1,038
Sindh Sales Tax payable on remuneration of the Management Company	98	135
Sales load payable	2,815	1,583
Sindh Sales Tax on sales load payable	366	206
Allocated expenses payable	4,326	3,548
Selling and marketing expense payable	27,213	28,001
Certificate charges payable	1	1



	2021	2020
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Security deposit	100	100
Remuneration payable to the Trustee	2,177	1,764
Sindh Sales Tax on remuneration of the Trustee	283	229
Meezan Bank Limited		
Balances with bank	90,730	267,669
Profit receivable on saving account	-	300
Profit receivable on sukuk certificates	8,038	11,986
Investment as at June 30, 2021: 298 sukuk certificates (2020: 298 sukuk certificates)	308,615	305,450
Sales load payable	2,145	2,554
Sindh Sales Tax on sales load payable	279	332
Shariah advisor fee payable	538	538
MSAF - Meezan Strategic Allocation Plan-I		
Investment of nil (2020: 4,198,624 units)	-	216,085
MSAF - Meezan Strategic Allocation Plan-II		
Investment of nil (2020: 2,417,775 units)	-	124,432
MSAF - Meezan Strategic Allocation Plan-III		
Investment of nil (2020: 3,979,255 units)	-	204,795
MSAF - Meezan Strategic Allocation Plan-IV		
Investment of nil (2020: 4,020,730 units)	-	206,929
MSAF - Meezan Strategic Allocation Plan-V		
Investment of nil (2020: 1,037,053 units)	-	53,373
Meezan Financial Planning Fund of Funds		
- Aggressive Allocation Plan		
Investment of 1,681,170 units (2020: 1,226,417 units)	86,536	63,118
Meezan Financial Planning Fund of Funds		
- Moderate Allocation Plan		
Investment of 1,452,832 units (2020: 1,059,604 units)	74,782	54,533
Meezan Financial Planning Fund of Funds		
- Conservative Allocation Plan		
Investment of 3,297,127 units (2020: 1,988,870 units)	169,715	102,358
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment of 840,428 units (2020: 1,740,132)	43,260	89,557
AI Meezan Investment Management Limited - Employees' Gratuity Fund		
Investment of 200,139 units (2020: nil)	10,302	-
Directors and Executives of the Management Company		
Investment of 504,281 units (2020: 704,165 units)	25,957	36,240

2021 2020
----- (Rupees in '000) -----

Transactions during the year

Al Meezan Investment Management Limited - the Management Company

Remuneration to the Management Company	174,135	172,759
Sindh Sales Tax on remuneration of the Management Company	22,638	22,459
Allocated expenses	52,240	31,663
Selling and marketing expense	128,003	85,284
Issuance of 1,157,861 units (2020: 10,893,546 units)	60,000	617,303
Redemption of 1,157,861 units (2020: 12,181,425 units)	62,364	686,274

Central Depository Company of Pakistan Limited (CDC) - the Trustee

Remuneration of the Trustee	26,120	15,991
Sindh Sales Tax on remuneration of the Trustee	3,396	2,079
CDS charges	1,086	554

Meezan Bank Limited

Profit on savings account	2,356	22,663
Profit on sukuk certificates	26,789	47,032
Sale of Pakistan Energy Sukuk II certificates - 1,540,000 sukuk certificates (2020: nil)	7,702,310	-
Sale of Meezan Bank sukuk certificates - nil (2020: 70 sukuk certificates)	-	70,185
Shariah advisor fee	1,080	949

MSAF - Meezan Strategic Allocation Plan-I

Issuance of 1,951,560 units (2020: 9,902,983 units)	103,100	553,247
Redemption of 6,150,184 units (2020: 10,688,322 units)	332,546	578,346
Dividend paid	-	151
Refund of capital	-	22,054

MSAF - Meezan Strategic Allocation Plan-II

Issuance of 1,067,723 units (2020: 5,794,550 units)	56,400	322,933
Redemption of 3,485,498 units (2020: 6,784,866 units)	187,990	365,171
Dividend paid	-	87
Refund of capital	-	12,684

MSAF - Meezan Strategic Allocation Plan-III

Issuance of 1,386,262 units (2020: 9,143,865 units)	72,900	511,648
Redemption of 5,365,517 units (2020: 9,221,520 units)	286,958	500,473
Dividend paid	-	143
Refund of capital	-	20,875

MSAF - Meezan Strategic Allocation Plan-IV

Issuance of 1,202,649 units (2020: 9,386,616 units)	63,000	524,549
Redemption of 5,223,379 units (2020: 9,949,333 units)	276,009	538,456
Dividend paid	-	144
Refund of capital	-	21,093

MSAF - Meezan Strategic Allocation Plan-V

Issuance of 350,016 units (2020: 2,350,251 units)	18,370	131,884
Redemption of 1,387,069 units (2020: 2,100,264 units)	73,443	114,762
Dividend paid	-	37
Refund of capital	-	5,440



2021 **2020**
----- (Rupees in '000) -----

Meezan Financial Planning Fund of Funds

- Aggressive Allocation Plan

Issuance of 2,201,104 units (2020: 2,529,578 units)	119,121	138,593
Redemption of 1,746,351 units (2020: 2,185,175 units)	95,363	122,360
Dividend paid	38	44
Refund of capital	5,342	6,434

Meezan Financial Planning Fund of Funds

- Moderate Allocation Plan

Issuance of 2,279,852 units (2020: 1,963,669 units)	123,287	107,506
Redemption of 1,886,624 units (2020: 1,885,388 units)	102,694	104,931
Dividend paid	33	38
Refund of capital	4,617	5,559

Meezan Financial Planning Fund of Funds

- Conservative Allocation Plan

Issuance of 5,120,910 units (2020: 3,556,655 units)	278,431	194,763
Redemption of 3,812,653 units (2020: 3,166,178 units)	208,207	176,898
Dividend paid	74	71
Refund of capital	10,477	10,434

Meezan Financial Planning Fund of Funds - MAAP - I

Issuance of 3,401,272 units (2020: 7,160,154 units)	181,009	386,147
Redemption of 4,300,976 units (2020: 5,420,022 units)	228,479	291,706
Dividend paid	19	62
Refund of capital	2,670	9,129

Al Meezan Investment Management Limited - Employees' Gratuity Fund

Issuance of 200,139 units (2020: nil)	10,640	-
Dividend paid	300	-
Refund of capital	340	-

Directors and Executives of the Management Company

Issuance of 3,826,864 units (2020: 17,972,315 units)	204,061	942,651
Redemption of 3,854,379 units (2020: 17,556,203 units)	206,934	945,155
Dividend paid	685	1,553
Refund of capital	935	2,344

19 FINANCIAL INSTRUMENTS BY CATEGORY

2021		
At amortised cost	At fair value through profit or loss	Total

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

Financial assets

Balances with banks	12,514,171	-	12,514,171
Investments	-	15,889,474	15,889,474
Receivable against conversion of units	18,133	-	18,133
Receivable against sale of investments	506	-	506
Deposits and other receivables	250,220	-	250,220
	<u>12,783,030</u>	<u>15,889,474</u>	<u>28,672,504</u>

2021		
At fair value through profit or loss	At amortised cost	Total

(Rupees in '000)

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	35,570	35,570
Payable to Central Depository Company of Pakistan Limited - Trustee	-	2,460	2,460
Payable to Meezan Bank Limited	-	2,424	2,424
Payable against conversion and redemption of units	-	952,543	952,543
Dividend payable	-	36,220	36,220
Accrued expenses and other liabilities	-	1,802	1,802
	-	1,031,019	1,031,019

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

(Rupees in '000)

Financial assets

Balances with banks	6,857,317	-	6,857,317
Investments	-	20,666,580	20,666,580
Receivable against conversion of units	425,168	-	425,168
Deposits and other receivables	293,464	-	293,464
	7,575,949	20,666,580	28,242,529

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

(Rupees in '000)

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	34,512	34,512
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,993	1,993
Payable to Meezan Bank Limited	-	2,886	2,886
Payable against conversion and redemption of units	-	83,924	83,924
Accrued expenses and other liabilities	-	2,887	2,887
	-	126,202	126,202

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

20.1 Market risk

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

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

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

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on its balances held with banks, investments in sukuk certificates, commercial papers and certificates of musharakah. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based sukuks certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 280.555 million (2020: Rs. 220.437 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund did not hold any fixed rate instrument that may expose the fund to fair value profit rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for GoP ijarah sukuks and with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs 3.480 million (2020: Rs 54.801 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

Effective yield / profit rate (%)	2021				Total
	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in '000)

Financial assets

Balances with banks	1.50% - 7.32%	12,514,127	-	-	44	12,514,171
Investments - Sukuk certificates	KIBOR + 0.5% - KIBOR + 2.50%	3,760,442	719,838	-	45,000	4,525,280
Investments - Government securities	KIBOR + (0.10)% - 6MTB	-	9,816,183	-	-	9,816,183
Investments - Others	KIBOR + 1.15%	1,548,011	-	-	-	1,548,011
Receivable against conversion of units		-	-	-	18,133	18,133
Receivable against sale of investments		-	-	-	506	506
Deposits and other receivables		-	-	-	250,220	250,220
		17,822,580	10,536,021	-	313,903	28,672,504

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	35,570	35,570
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,460	2,460
Payable to Meezan Bank Limited		-	-	-	2,424	2,424
Payable against conversion and redemption of units		-	-	-	952,543	952,543
Dividend payable		-	-	-	36,220	36,220
Accrued expenses and other liabilities		-	-	-	1,802	1,802
		-	-	-	1,031,019	1,031,019

On-balance sheet gap (a)

	17,822,580	10,536,021	-	(717,116)	27,641,485
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Off-balance sheet financial instruments

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

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

	17,822,580	10,536,021	-		
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Cumulative interest rate sensitivity gap

	17,822,580	28,358,601	28,358,601		
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2020					
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in '000)

Financial assets

Balances with banks	1.50% - 7.50%	6,857,273	-	-	44	6,857,317
Investments - Sukuk certificates	KIBOR + 0.5% - KIBOR + 2.50%	4,155,047	349,998	-	-	4,505,045
Investments - Government securities	KIBOR + (0.10)% - KIBOR + 0.5%	-	9,081,390	-	-	9,081,390
Investments - others	12.45% - 13.00%	5,480,145	-	-	-	5,480,145
Receivable against conversion of units		-	-	-	425,168	425,168
Deposits and other receivables		-	-	-	293,464	293,464
		16,492,465	9,431,388	-	718,676	26,642,529

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	34,512	34,512
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,993	1,993
Payable to Meezan Bank Limited		-	-	-	2,886	2,886
Payable against conversion and redemption of units		-	-	-	83,924	83,924
Accrued expenses and other liabilities		-	-	-	2,887	2,887
		-	-	-	126,202	126,202

On-balance sheet gap (a)

16,492,465 9,431,388 - 592,474 26,516,327

Off-balance sheet financial instruments

- - - - -

Off-balance sheet gap (b)

- - - - -

Total interest rate sensitivity gap (a+b)

16,492,465 9,431,388 -

Cumulative interest rate sensitivity gap

16,492,465 25,923,853 25,923,853

(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.

20.2 Liquidity risk

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

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

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

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

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

----- 2021 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

Financial assets

Balances with banks	12,514,171	-	-	-	-	-	12,514,171
Investments	-	221,140	1,636,275	4,264,149	9,767,910	-	15,889,474
Receivable against conversion of units	18,133	-	-	-	-	-	18,133
Receivable against sale of investments	506	-	-	-	-	-	506
Deposits and other receivables	116,959	49,151	84,010	-	-	100	250,220
	12,649,769	270,291	1,720,285	4,264,149	9,767,910	100	28,672,504

Financial liabilities

Payable to Al Meezan Investment Management Limited - the Management Company	35,570	-	-	-	-	-	35,570
Payable to Central Depository Company of Pakistan Limited - the Trustee	2,460	-	-	-	-	-	2,460
Payable to Meezan Bank Limited	2,424	-	-	-	-	-	2,424
Payable against conversion and redemption of units	952,543	-	-	-	-	-	952,543
Dividend payable	36,220	-	-	-	-	-	36,220
Accrued expenses and other liabilities	268	968	566	-	-	-	1,802
	1,029,485	968	566	-	-	-	1,031,019

Net assets / (liabilities)

	11,620,284	269,323	1,719,719	4,264,149	9,767,910	100	27,641,485
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----- 2020 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

Financial assets

Balances with banks	6,857,317	-	-	-	-	-	6,857,317
Investments	1,619,964	2,869,453	2,590,728	3,424,229	10,162,206	-	20,666,580
Receivable against conversion of units	425,168	-	-	-	-	-	425,168
Deposits and other receivables	137,869	67,614	87,881	-	-	100	293,464
	9,040,318	2,937,067	2,678,609	3,424,229	10,162,206	100	28,242,529

Financial liabilities

Payable to Al Meezan Investment Management Limited - the Management Company	34,512	-	-	-	-	-	34,512
Payable to Central Depository Company of Pakistan Limited - the Trustee	1,993	-	-	-	-	-	1,993
Payable to Meezan Bank Limited	2,886	-	-	-	-	-	2,886
Payable against conversion and redemption of units	83,924	-	-	-	-	-	83,924
Accrued expenses and other liabilities	1,352	969	566	-	-	-	2,887
	124,667	969	566	-	-	-	126,202

Net assets / (liabilities)

	8,915,651	2,936,098	2,678,043	3,424,229	10,162,206	100	28,116,327
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20.3 Credit risk

20.3.1 Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, receivable against issuance and conversion and receivable against sale of investments.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

	2021		2020	
	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	12,514,171	12,514,171	6,857,317	6,857,317
Investments in debt instruments	15,889,474	6,073,291	20,666,580	11,585,190
Receivable against conversion of units	18,133	18,133	425,168	425,168
Receivable against sale of investments	506	506		
Deposits and other receivables	250,220	250,220	293,464	293,464
	28,672,504	18,856,321	28,242,529	19,161,139

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

20.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2021	2020
AAA	6%	9%
AA+	-	4%
AA-	-	17%
A+	94%	69%
A	-	1%
	100%	100%

Ratings of sukuks (other than Government securities) have been disclosed in related notes to the financial statements. GoP Ijarah Sukuks are government guaranteed.

20.3.3 Concentration of credit risk

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

The Fund does not have any collateral against any of the aforementioned assets. The issuer of the sukuk, however, pledge securities with the investment agent in Trust for the benefit of the sukuk holder.

Due to the Fund's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Fund except for Arzoo Textiles Limited Sukuk, Security Leasing Corporation Sukuk, Eden Housing Limited Sukuk and Hascol Petroleum Limited Sukuk (refer note 6).

21 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2021, the Fund held the following financial instruments measured at fair values:

	2021		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Sukuk certificates	-	14,341,463	-
Certificates of musharakah*	-	1,200,000	-
Commercial papers**	-	348,011	-
Bai Muajjal receivable**	-	-	-
	-	15,889,474	-

	2020		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Sukuk certificates	-	13,586,435	-
Certificates of musharakah*	-	1,600,000	-
Commercial papers**	-	1,522,415	-
Bai Muajjal receivable**	-	3,957,730	-
	-	20,666,580	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

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

22 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2021			2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	21,230	20,951,529	76.90%	16,699	21,524,421	77.49%
Associated Companies /						
Directors	7	401,154	1.47%	12	1,126,414	4.06%
Insurance Companies	8	478,728	1.76%	6	131,409	0.47%
Banks and DFIs	1	400,182	1.47%	1	12	0.00%
Retirement Funds	103	1,468,165	5.39%	87	929,494	3.35%
Private Limited Companies	46	962,591	3.53%	52	2,735,579	9.85%
Public Limited Companies	3	9,504	0.03%	2	1,255	0.00%
Others	74	2,574,322	9.45%	41	1,327,781	4.78%
	<u>21,472</u>	<u>27,246,175</u>	<u>100.00%</u>	<u>16,900</u>	<u>27,776,365</u>	<u>100.00%</u>

24 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2021		2020	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	65.34%	JS Global Capital Limited	4.97%
Invest One Markets Limited	11.75%	Invest One Markets Limited	69.14%
Next Capital Limited	11.59%	Next Capital Limited	11.74
BMA Capital Management Limited	10.61%	BMA Capital Management Limited	-
BIPL Securities Limited	0.45%	BIPL Securities Limited	3.10%
Summit Capital (Private) Limited	0.26%	Summit Capital (Private) Limited	-
Paramount Capital (Private) Limited	-	Paramount Capital (Private) Limited	10.67%
C & M Management (Private) Limited	-	C & M Management (Private) Limited	0.38%

24.1 The Fund has traded with only the above mentioned 6 brokers / dealers during the year ended June 30, 2021 (2020: 6 brokers / dealers).

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoab	Chief Executive Officer	CFA / MBA	Thirty One years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Five years
Mr. Taha Javed	Head of Equities	CFA / MBA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fourteen years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Eleven years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fourteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Twelve years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Ten years

25.1 The Fund manager of the Fund is Mr. Faizan Saleem. Other Funds being managed by the Fund Manager are as follows:

- Meezan Cash Fund;
- Meezan Sovereign Fund; and
- Meezan Rozana Amdani Fund.

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Designation	Meeting held on					
		August 13, 2020	September 17, 2020	October 21, 2020	February 15, 2021	April 12, 2021	June 21, 2021
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoab, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	No	-	-	-
Mr. Moin M. Fudda (Appointed in place of Mr Ijaz Farooq as nominee director of Meezan Bank Limited)*	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	-	-	-
Mr. Furqan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	-	-	-
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	-	-	-
Mr. Mubashar Maqbool (Appointed in place of Syed Amir Ali Zaidi)*	Director	-	-	-	Yes	Yes	Yes
Mr. Tariq Mairaj (Appointed in place of Mr. Arshad Majeed)*	Director	-	-	-	Yes	Yes	Yes
Mr. Feroz Rizvi (Appointed in place of Mr. Moin M Fudda who continued as nominee director of MBL)*	Director	-	-	-	Yes	Yes	Yes
Ms. Danish Zuberi (Appointed in place of Ms. Saima Shaukat Khan)*	Director	-	-	-	Yes	Yes	Yes

* The effective date of start of tenure of new board, after re-election is December 31, 2020

27 CORRESPONDING FIGURES

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

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on Aug 9, 2021 and further amended on Sep 14, 2021 to incorporate the subsequent event as disclosed in note 29.3 of the financial statements.

29 GENERAL

29.1 COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided certain time bound relaxations to CISs operating in Pakistan in order to provide temporary relaxation against covid pandemic. All of the relaxations provided have expired prior to June 30, 2021.

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

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

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

29.3 Subsequent events

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP. All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been incorporated in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.25 per unit (2020: Re 0.16 per unit).

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

Chief Executive

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

MEEZAN

SOVEREIGN FUND (MSF)

Meezan Sovereign Fund is Pakistan's first Shariah Compliant Government Securities Fund. The purpose of the fund is to provide maximum possible preservation of capital and a reasonable rate of return by investing primarily in Shariah Compliant Government Securities.



LARGE SCALE MANUFACTURING SECTOR GREW AT A 16 YEAR HIGH LEVEL OF



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Moin M. Fudda	Nominee Director - MBL
Mr. Furquan R Kidwai	Independent Director
Mr. Mubashar Maqbool	Nominee Director - PKIC
Mr. Tariq Mairaj	Nominee Director - MBL
Mr. Naem Sattar	Nominee Director - PKIC
Mr. Feroz Rizvi	Independent Director
Ms. Danish Zuberi	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Tariq Mairaj	Member
Mr. Naem Sattar	Member

RISK MANAGEMENT COMMITTEE

Mr. Mubashar Maqbool	Chairman
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Mubashar Maqbool	Member
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER Meezan Sovereign Fund (MSF)

Type of Fund

Open end Sovereign mutual fund which falls under the category of Income Funds.

Objective

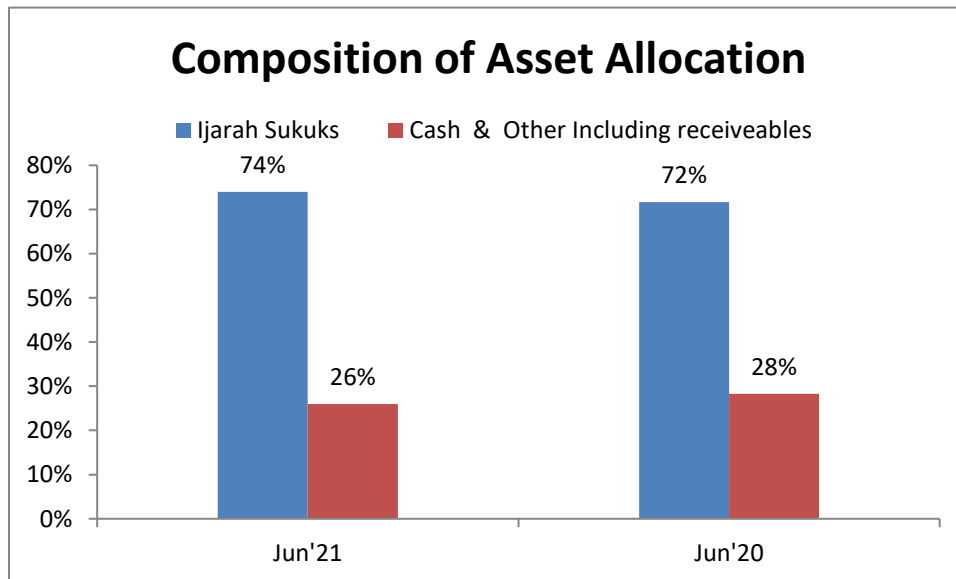
The Fund's primary objective is to provide investors with a low risk and stable rate of current income by primarily investing in Shariah Compliant Sovereign Securities.

Investment Policy and Strategy

The investment policy of the fund demarcates that at least 70% of the net assets of the fund shall be invested in Shariah compliant fixed income government securities on a monthly average basis while at least 10% of the fund size has to be maintained in cash on a monthly average basis. The remaining allocation can be in other permissible Islamic investment avenues. The instruments in which MSF invests are Sovereign Sukuks (Islamic Bonds), Musharaka and Murabaha instruments, Certificate of Islamic Investments, Islamic bank deposits and other Sovereign Islamic income products.

Sector Allocation for the year ended FY20 and FY21

The asset allocation of the fund on June 30, 2020 and June 30, 2021 is as follows:



Performance Review

Meezan Sovereign Fund (MSF) provided a return of 7.65% to its investors for the year ended June 30, 2021 against a benchmark return of 3.71%.



Pure. Profit.



	MSF	deposits at Islamic Banks
Net Asset Value as on June 30, 2020	51.55	
Net Asset Value as on June 30, 2021	51.59	
Return for the year	7.65%	3.71%
Underperformance	3.94%	

During the year, the Fund earned a gross income of Rs. 794 million, which was primarily due to profit on Sukuks certificates worth Rs. 574 million. Profit on saving accounts at Islamic banks contributed Rs. 108 million. On the other side, the fund accrued realized gain and unrealized gain worth Rs. 11 million and Rs. 101 million respectively. The fund also incurred expenses totalling to Rs. 124 million, which brought the net income figure to Rs. 670 million. The net assets of the Fund as at June 30, 2021 were Rs. 9,939 million as compared to Rs. 9,736 million at the end of last year depicting an increase of 2%. The net asset value per unit as at June 30, 2021 was Rs. 51.5918 as compared to Rs. 51.5476 per unit as on June 30, 2020.

Distributions

Interim Pay-out by the Fund during the fiscal year ended June 30, 2021 was Rs. 3.90 per unit (7.80%). Total distribution made by the fund was Rs. 618 million.

Fund Stability Rating

JCR-VIS Credit Rating Company has assigned Stability Rating of AA(f) to Meezan Sovereign Fund.

Unit holder Break down:

(As on June 30, 2021)

Range (Units)	No. of investors
1 - 9,999	5,560
10,000 - 49,999	1124
50,000 - 99,999	253
100,000 - 499,999	218
500,000 and above	42
Total	7,197

PERFORMANCE TABLE

	2021	2020	2019
Net assets (Rs. in '000) (ex-distribution)	9,939,252	9,736,331	5,705,149
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	51.5918	51.5476	51.5293
Offer price per unit as at June 30 (Rs.) (ex-distribution)	52.1747	51.8388	55.3878
Distribution (%)			
Interim			
- First quarter	-	-	-
- Second quarter	-	-	-
- Third quarter	-	-	-
- Fourth quarter	7.8	11.4	7.2
Annual			
Dates of distribution (interim)			
- First quarter	-	-	-
- Second quarter	-	-	-
- Third quarter	-	-	-
- Fourth quarter	25-Jun-21	26-Jun-20	28-Jun-19
Dates of distribution (annual)	-	-	-
Income distribution (Rs. in '000)	617,730	973,049	372,811
Growth distribution (Rs. in '000)	-	-	-
Highest offer price per unit (Rs.)	56.0695	57.5204	55.3878
Lowest offer price per unit (Rs.)	51.8486	51.8202	51.5952
Highest redemption price per unit (Rs.)	55.443	57.1973	55.0767
Lowest redemption price per unit (Rs.)	51.5574	51.5291	51.3053
Total return (%)	7.65	11.17	7.02
Weighted Average Portfolio Duration (years)	0.33	0.31	0.00
	One Year	Two Year	Three Year
Average annual return (%) as at June 30, 2021	7.65	9.40	8.60



Meezan Bank
The Premier Islamic Bank



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

August 2, 2021/ Dhu Al-Hijjah 22, 1442

Alhamdulillah, the period from July 01, 2020 to June 30, 2021 was the Eleventh year of operations of Meezan Sovereign Fund (MSF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

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

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

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MSF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MSF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MSF for the year ended June 30, 2021 have been in compliance with *Shari'ah* principles.

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

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shariah Advisor

Meezan Bank Ltd.

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PABX: (92-21) 38103500 UAN:111-331-331 & 111-331-332 www.meezanbank.com

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Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN SOVEREIGN FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Sovereign Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 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, 2021



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Sovereign Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Sovereign Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, 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, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 5 and 6 to the financial statements)	
	<p>Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2021 amounted to Rs 7,613.507 million and balances with banks aggregated to Rs 2,060.201 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, 2021 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none">▪ Tested the design and operating effectiveness of the key controls for valuation of investments;▪ Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2021 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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



Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

MIC



A.F.FERGUSON & Co.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Salman Hussain

Chartered Accountants

Karachi

Date: September 15, 2021



**MEEZAN SOVEREIGN FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021**

	Note	2021	2020
-----Rupees in '000-----			
Assets			
Balances with banks	5	2,060,201	2,580,042
Investments	6	7,613,507	7,182,290
Receivable against conversion of units		526,734	149,747
Deposits, prepayments and other receivables	7	88,668	105,238
Total assets		10,289,110	10,017,317
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	8	9,590	8,724
Payable to Central Depository Company of Pakistan Limited - Trustee	9	830	536
Payable to the Securities and Exchange Commission of Pakistan	10	1,822	967
Payable to Meezan Bank Limited		834	412
Payable against redemption and conversion of units		153,609	106,266
Accrued expenses and other liabilities	11	183,173	164,081
Total liabilities		349,858	280,986
NET ASSETS		<u>9,939,252</u>	<u>9,736,331</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>9,939,252</u>	<u>9,736,331</u>
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		<u>192,651,699</u>	<u>188,880,283</u>
		(Rupees)	
NET ASSET VALUE PER UNIT		<u>51.5918</u>	<u>51.5476</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN SOVEREIGN FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021	2020
		----- Rupees in '000 -----	
Income			
Profit on sukuk certificates		574,146	213,857
Net realised gain / (loss) on sale of sukuk certificates		10,472	(916)
Profit on saving accounts with banks		107,841	345,984
		692,459	558,925
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	101,175	197
Total income		<u>793,634</u>	<u>559,122</u>
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	45,554	29,559
Sindh Sales Tax on remuneration of the Management Company	8.2	5,922	3,843
Allocated expenses	8.3	13,666	7,086
Selling and marketing expense	8.4	33,464	18,358
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	5,922	3,118
Sindh Sales Tax on remuneration of the Trustee	9.2	770	405
Annual fee to Securities and Exchange Commission of Pakistan	10.1	1,822	967
Auditors' remuneration	13	537	540
Legal and professional charges		55	-
Fees and subscription		1,013	1,011
Brokerage expense		686	103
Bank and settlement charges		672	389
Provision for Sindh Workers' Welfare Fund	11.1	13,671	9,875
Total expenses		<u>123,754</u>	<u>75,254</u>
Net income for the year before taxation		<u>669,880</u>	<u>483,868</u>
Taxation	15	-	-
Net income for the year after taxation		<u><u>669,880</u></u>	<u><u>483,868</u></u>
Allocation of net income for the year			
Net income for the year after taxation		669,880	483,868
Income already paid on units redeemed		(424,806)	(212,643)
		<u>245,074</u>	<u>271,225</u>
Accounting income available for distribution			
- Relating to capital gains		111,647	-
- Excluding capital gains		133,427	271,225
		<u>245,074</u>	<u>271,225</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN SOVEREIGN FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	----- Rupees in '000 -----	
Net income for the year after taxation	669,880	483,868
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>669,880</u>	<u>483,868</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN SOVEREIGN FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	9,438,622	297,709	9,736,331	5,409,260	295,889	5,705,149
Issue of 475,605,732 units (2020: 370,621,419 units)						
- Capital value (at net asset value per unit at the beginning of the year)	24,516,334	-	24,516,334	19,097,862	-	19,097,862
- Element of income	938,609	-	938,609	1,376,460	-	1,376,460
Total proceeds on issuance of units	25,454,943	-	25,454,943	20,474,322	-	20,474,322
Redemption of 471,834,316 units (2020: 292,457,824 units)						
- Capital value (at net asset value per unit at the beginning of the year)	24,321,927	-	24,321,927	15,070,147	-	15,070,147
- Element of loss	557,439	424,806	982,245	671,169	212,643	883,812
Total payments on redemption of units	24,879,366	424,806	25,304,172	15,741,316	212,643	15,953,959
Total comprehensive income for the year	-	669,880	669,880	-	483,868	483,868
Distribution for the year ended June 30, 2020	-	-	-	-	(269,405)	(269,405)
Refund of capital for the year ended June 30, 2020	-	-	-	(703,644)	-	(703,644)
Distribution for the year ended June 30, 2021	-	(237,652)	(237,652)	-	-	-
Refund of capital for the year ended June 30, 2021	(380,078)	-	(380,078)	-	-	-
Total distribution during the year	(380,078)	(237,652)	(617,730)	(703,644)	(269,405)	(973,049)
Net assets at end of the year	9,634,121	305,131	9,939,252	9,438,622	297,709	9,736,331
Undistributed income brought forward						
- Realised income		297,512			297,344	
- Unrealised income / (loss)		197			(1,455)	
		297,709			295,889	
Accounting income available for distribution (after adjusting income already paid on units redeemed)						
- Relating to capital gains		111,647			-	
- Excluding capital gains		133,427			271,225	
		245,074			271,225	
Interim distribution during the year at Rs. 3.8954 per unit i.e. 7.80% of the par value of Rs. 50/- each (June 25, 2021)		(237,652)			-	
Interim distribution during the year ended June 30, 2020 at Rs. 5.6990 per unit i.e. 11.40% of the par value of Rs. 50/- each (June 26, 2020)		-			(269,405)	
Undistributed income carried forward		305,131			297,709	
Undistributed income carried forward						
- Realised income		203,956			297,512	
- Unrealised income		101,175			197	
		305,131			297,709	
Net asset value per unit at beginning of the year			51.5476			51.5293
Net asset value per unit at end of the year			51.5918			51.5476

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN SOVEREIGN FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

Note	2021	2020
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	669,880	483,868
Adjustments for:		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2 (101,175)	(197)
Provision for Sindh Workers' Welfare Fund	11 13,671	9,875
	582,376	493,546
(Increase) / decrease in assets		
Investments - net	(330,042)	(6,057,378)
Deposits, prepayments and other receivables	16,570	(34,338)
	(313,472)	(6,091,716)
Increase / (decrease) in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	866	4,496
Payable to Central Depository Company of Pakistan - Trustee	294	(2)
Payable to Securities and Exchange Commission of Pakistan	855	(433)
Payable to Meezan Bank Limited	422	344
Accrued expenses and other liabilities	5,421	40,540
	7,858	44,945
Net cash generated from / (used in) operating activities	<u>276,762</u>	<u>(5,553,225)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	24,697,878	19,680,167
Net payments against redemption of units	(25,256,829)	(16,410,009)
Dividend paid	(237,652)	(269,405)
Net cash (used in) / generated from financing activities	<u>(796,603)</u>	<u>3,000,753</u>
Net decrease in cash and cash equivalents	<u>(519,841)</u>	<u>(2,552,472)</u>
Cash and cash equivalents at the beginning of the year	2,580,042	5,132,514
Cash and cash equivalents at the end of the year	5 <u><u>2,060,201</u></u>	<u><u>2,580,042</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

MEEZAN SOVEREIGN FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Sovereign Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 14, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.
- 1.2** The Fund has been formed to provide the unit holders maximum possible preservation of capital along with Halal and reasonable returns by investing primarily in a portfolio of Shariah compliant government securities thus, minimising the credit risk of investments. The Fund shall also keep an exposure in short-term near cash instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point of time. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is an open-end Shariah Compliant (Islamic) Income Scheme, listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2020 (2020: AM1 dated December 31, 2019) and by PACRA dated June 23, 2021 (2020: AM1 dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of AA(f) by VIS Credit Rating Company Limited dated January 12, 2021 (2020: AA-(f) dated December 30, 2019).
- 1.5** The title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.6** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company has submitted Collective Investment Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020) for registration to fulfill the requirement for registration of Trust Deed under Sindh Trusts Act, 2020.

2 BASIS OF PRESENTATION

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed 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 which have been classified as 'at fair value through profit or loss' and measured at their fair values.

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Debt instruments

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

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.2 Impairment

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

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

4.3.2.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

4.3.3 Regular way contracts

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

4.3.4 Initial recognition and measurement

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

4.3.5 Derecognition

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

4.3.6 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Income on sukuk certificates and government securities is recognized on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- Profit on saving account with banks is recognised on time proportion basis using the effective yield method.

4.12 Expenses

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

4.13 Taxation

Current

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

Deferred

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

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

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Provided that, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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

4.14 Earnings / (loss) per unit

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

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

4.15 Foreign currency translation

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

	Note	2021	2020
		----- Rupees in '000 -----	
5	BALANCES WITH BANKS		
	Balances with banks in:		
	Savings accounts	2,057,357	2,577,198
	Current accounts	2,844	2,844
		<u>2,060,201</u>	<u>2,580,042</u>
5.1	This includes balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.5% (2020: 3%) per annum. Other profit and loss sharing accounts have expected profit rates ranging from 1.50% to 7.32% per annum (2020: 3% to 7.50% per annum).		
6	INVESTMENTS		
	At fair value through profit or loss		
	Sukuk certificates	6.1 <u>7,613,507</u>	<u>7,182,290</u>



6.1 Sukuk certificates	Note	2021	2020
		----- Rupees in '000 -----	
Government securities	6.1.1	7,502,782	7,050,000
Corporate sukuks	6.1.2	110,725	132,290
		<u>7,613,507</u>	<u>7,182,290</u>

6.1.1 Government securities

Name of the security	Issue date	Maturity date	Rate of Return	As at July 1, 2020	Purchased during the year	Disposed during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation as at June 30, 2021	Percentage in relation to	
				(Number of certificates)			(Rupees in '000)			Net assets of the Fund	Total market value of investment	
Pakistan Energy Sukuk I	March 1, 2019	March 1, 2029	6 months KIBOR plus base rate of 0.8%	170,000	-	20,000	150,000	750,000	800,625	50,625	8.06%	10.52%
Pakistan Energy Sukuk II	May 20, 2020	May 20, 2030	6 months KIBOR plus base rate of negative 0.10%	1,240,000	1,283,200	1,369,000	1,154,200	5,772,488	5,817,168	44,680	58.53%	76.41%
GoP Ijarah Sukuk Certificates - XXII	June 24, 2020	June 24, 2025	Weighted average 6 months T-Bills	-	2,000	1,000	1,000	100,210	100,600	390	1.01%	1.32%
GoP Ijarah Sukuk Certificates - XXIII - VRR	July 29, 2020	July 29, 2025	Weighted average 6 months T-Bills	-	3,500	1,670	1,830	183,366	183,915	549	1.85%	2.42%
GoP Ijarah Sukuk Certificates - XXIII - FRR	July 29, 2020	July 29, 2025	Weighted average 6 months T-Bills	-	3,500	3,500	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIV - FRR)	December 09, 2020	December 09, 2025	Weighted average 6 months T-Bills	-	8,950	3,000	5,950	596,027	600,474	4,447	6.04%	7.89%
Total - June 30, 2021								<u>7,402,091</u>	<u>7,502,782</u>	<u>100,691</u>	<u>75.49%</u>	<u>98.55%</u>
Total - June 30, 2020								<u>7,050,000</u>	<u>7,050,000</u>	<u>-</u>		

6.1.1.1 The nominal value of these sukuk certificates is Rs 100,000 each except for Pakistan Energy Sukuk Certificates I and II having nominal value of Rs. 5,000 each.

6.1.2 Corporate sukuks

Name of the security	Maturity date	Rate of Return	As at July 1, 2020	Purchases during the year	Sales / redemptions during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation as at June 30, 2021	Percentage in relation to	
			(Number of certificates)			(Rupees in '000)			Net assets of the Fund	Total market value of investment	
Power generation & distribution											
Neelum Jhelum Hydropower Company (Private) Limited (AAA, VIS, non-traded) (note 6.1.2.1)	June 29, 2026	6 months KIBOR plus base rate of 1.13%	1,720	-	-	1,720	110,241	110,725	484	1.11%	1.45%
Total - June 30, 2021							<u>110,241</u>	<u>110,725</u>	<u>484</u>	<u>1.11%</u>	<u>1.45%</u>
Total - June 30, 2020							<u>132,093</u>	<u>132,290</u>	<u>197</u>		

6.1.2.1 The nominal value of these sukuk certificates is Rs 100,000 each.

	Note	2021 ----- Rupees in 000 -----	2020
6.2 Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'			
Market value of investments	6.1.1 & 6.1.2	7,613,507	7,182,290
Carrying value of investments	6.1.1 & 6.1.2	(7,512,332)	(7,182,093)
		<u>101,175</u>	<u>197</u>
7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepayments		152	168
Profit receivable on balances with banks		9,323	8,236
Profit receivable on sukuk certificates		78,699	96,340
Others		394	394
		<u>88,668</u>	<u>105,238</u>
8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee payable	8.1	268	336
Sindh Sales Tax payable on remuneration of the Management Company	8.2	35	44
Allocated expenses payable	8.3	1,205	1,089
Selling and marketing expense payable	8.4	7,297	6,964
Sales load payable		695	258
Sindh sales tax on sales load payable		90	33
		<u>9,590</u>	<u>8,724</u>
8.1	As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.5% (2020: 0.6%) per annum of the average net assets of the Fund during the year ended June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.		
8.2	During the year, an amount of Rs 5.922 million (2020: Rs 3.843 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 5.931 million (2020: Rs 4.171 million) has been paid to the Management Company which acts as a collecting agent.		
8.3	In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS). The management company based on its own discretion has charged allocated expenses at the rate of 0.15% of average annual net assets (2020: 0.1% from July 1, 2019 to July 21, 2019 and 0.15% from July 16, 2019 to June 20, 2020).		
8.4	The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan. Accordingly, the Management Company has charged selling and marketing expenses based on its discretion while keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008 at the rate of 0.4% (2020: 0.4%) of average annual net assets of the Fund from July 1, 2020 to March 9, 2021 and at 0.3% from March 10, 2021 to June 30, 2021.		
9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2021 -----Rupees in 000-----	2020
Trustee fee payable	9.1	530	474
Sindh Sales Tax payable on trustee fee	9.2	69	62
CDS Charges payable		231	-
		<u>830</u>	<u>536</u>

- 9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed at 0.065% (2020: 0.065%) per annum of average annual net assets of the Fund.
- 9.2 During the year, an amount of Rs 0.770 million (2020: Rs 0.405 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 0.763 million (2020: Rs 0.405 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

- 10.1 In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as an Income Scheme is required to pay annual fee to the Securities and Exchange Commission of Pakistan at the rate of 0.02% (2020: 0.02%) per annum of average annual net assets of the Fund.

11	Note	2021	2020
-----Rupees in '000-----			
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		350	350
Printing charges payable		156	156
Brokerage payable		487	581
Shariah advisor fee payable		271	467
Withholding tax payable		36,570	46,089
Capital gain tax payable		22,411	7,163
Provision for Sindh Workers' Welfare Fund	11.1	40,077	26,406
Zakat payable		212	130
Other payable		-	100
Provision for Federal Excise Duty and related			
Sindh Sales Tax on management fee	11.2	80,077	80,077
Provision for Federal Excise Duty and related			
Sindh Sales Tax on sales load	11.2	2,562	2,562
		<u>183,173</u>	<u>164,081</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 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, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.21 per unit (2020: Re 0.14 per unit).

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

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 82.639 million (2020: Rs 82.639 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2021 would have been higher by Re 0.43 (2020: Re. 0.44) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

13 AUDITORS' REMUNERATION	2021	2020
	-----Rupees in '000-----	
Statutory audit fee	282	282
Half yearly review of condensed interim financial statements	130	130
Other certification charges	100	100
Out of pocket expenses	25	28
	<u>537</u>	<u>540</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 1.36% (2020: 1.57%) which includes 0.24% (2020: 0.32%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

15 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 unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 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.

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

16.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and executives of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

16.2 Transactions with connected persons 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.

16.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

16.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

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



Balances

AI Meezan Investment Management Limited (Management Company)

Remuneration payable
Sindh Sales Tax payable on remuneration of the Management Company
Sales load payable
Sindh Sales Tax on sales load payable
Allocated expenses payable
Selling and marketing expense payable
Investment of 19,388,675 units (2020: nil units)

2021	2020
-----Rupees in '000-----	
268	336
35	44
695	258
90	33
1,205	1,089
7,297	6,964
1,000,297	-

Meezan Bank Limited

Balance with bank
Profit receivable on saving accounts
Sales load payable
Sindh Sales Tax on sales load payable
Shariah advisor fee payable

701,593	56,816
59	163
738	365
96	47
271	467

Central Depository Company of Pakistan Limited (CDC) - Trustee

Security deposit
Trustee fee payable
Sindh Sales Tax payable on trustee fee
CDS Charges payable

100	100
530	474
69	62
231	-

Meezan Financial Planning Fund of Funds - MAAP I

Investment of nil units (2020: 4 units)

-	-
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Meezan Strategic Allocation Fund - MCPP III

Investment of nil units (2020: 8,103,630 units)

-	417,723
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Meezan Strategic Allocation Fund II - MCPP IV

Investment of nil units (2020: 21,045,293 units)

-	1,084,834
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Meezan Strategic Allocation Fund II - MCPP V

Investment of nil units (2020: 4,223,802 units)

-	217,726
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Meezan Strategic Allocation Fund II - MCPP VI

Investment of nil units (2020: 4,136,298 units)

-	213,216
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Meezan Strategic Allocation Fund II - MCPP VII

Investment of nil units (2020: 2,659,988 units)

-	137,116
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Meezan Strategic Allocation Fund II - MCPP VIII

Investment of nil units (2020: 1,238,243 units)

-	63,828
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Meezan Strategic Allocation Fund III - MCPP IX

Investment of nil units (2020: 1,048,981 units)

-	54,072
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AI Meezan Investment Management Limited - Employees Gratuity Fund

Investment of 173,525 units (2020: 161,333 units)

8,952	8,316
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Directors, their close family members and key management personnel of the Management Company

Investment of 535,228 units (2020: 314,469 units)

27,613	16,210
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Transactions during the year

AI Meezan Investment Management Limited - Management Company

Remuneration of AI Meezan Investment Management Limited - Management Company
Sindh Sales Tax on remuneration of the Management Company
Allocated expenses
Selling and marketing expense
Units issued: 23,914,884 units (2020: 14,394 units)
Units redeemed: 4,526,209 units (2020: 14,394 units)

2021	2020
-----Rupees in '000-----	
45,554	29,559
5,922	3,843
13,666	7,086
33,464	18,358
1,234,482	755
237,409	772

	For the year ended June 30,	
	2021	2020
	-----Rupees in '000-----	
Meezan Bank Limited		
Profit on saving accounts	605	3,819
Shariah advisor fee	614	677
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	5,922	3,118
Sindh Sales Tax on remuneration of the Trustee	770	405
CDS charges	567	180
Meezan Financial Planning Fund of Funds - MAAP I		
Units issued: 1,925,443 units (2020: 5,342,973 units)	101,785	285,228
Units redeemed: 1,925,447 units (2020: 9,118,254 units)	102,346	491,060
Meezan Strategic Allocation Fund - MCPP III		
Units issued: 948,831 units (2020: 15,605,745 units)	51,384	884,559
Units redeemed: 9,052,461 units (2020: 20,640,348 units)	490,656	1,106,373
Dividend paid	-	227
Refund of capital	-	41,454
Meezan Strategic Allocation Fund II - MCPP IV		
Units issued: 6,613,932 units (2020: 40,583,600 units)	352,575	2,300,445
Units redeemed: 27,659,225 units (2020: 37,171,366 units)	1,482,123	2,026,440
Dividend paid	-	588
Refund of capital	-	107,520
Meezan Strategic Allocation Fund II - MCPP V		
Units issued: 2,853,217 units (2020: 8,606,948 units)	153,486	487,882
Units redeemed: 7,077,019 units (2020: 9,523,488 units)	376,964	515,025
Dividend paid	-	121
Refund of capital	-	22,083
Meezan Strategic Allocation Fund II - MCPP VI		
Units issued: 507,359 units (2020: 7,918,847 units)	27,414	448,851
Units redeemed: 4,643,657 units (2020: 7,945,018 units)	250,638	430,907
Dividend paid	-	116
Refund of capital	-	21,157
Meezan Strategic Allocation Fund II - MCPP VII		
Units issued: 376,013 units (2020: 5,082,409 units)	20,331	288,077
Units redeemed: 3,036,001 units (2020: 4,641,153 units)	164,630	252,929
Dividend paid	-	74
Refund of capital	-	13,595
Meezan Strategic Allocation Fund II - MCPP VIII		
Units issued: 199,183 units (2020: 2,398,196 units)	10,776	135,933
Units redeemed: 1,437,426 units (2020: 2,852,234 units)	77,824	153,493
Dividend paid	-	35
Refund of capital	-	6,413
Meezan Strategic Allocation Fund III - MCPP IX		
Units issued: 911,851 units (2020: 2,241,977 units)	48,437	125,900
Units redeemed: 1,960,832 units (2020: 1,391,816 units)	105,424	77,179
Dividend paid	-	29
Refund of capital	-	5,354



For the year ended June 30,

2021 2020

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

AI Meezan Investment Management Limited - Employees Gratuity Fund

Units issued: 12,192 units (2020: nil units)

Dividend paid

628	-
<u>628</u>	<u>827,876</u>

Directors and their close family members and key management personnel of the Management Company

Units issued: 2,206,792 units (2020: 7,041,807 units)

Units redeemed: 1,987,385 units (2020: 8,471,097 units)

Dividend paid

Refund of capital

116,923	372,390
<u>105,657</u>	<u>450,821</u>
<u>323</u>	<u>665</u>
<u>727</u>	<u>614</u>

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

----- 2021 -----		
At amortised cost	At fair value through profit or loss	Total

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

Financial assets

Balances with banks

Investments

Receivable against conversion of units

Deposits and other receivables

2,060,201	-	2,060,201
-	7,613,507	7,613,507
526,734	-	526,734
88,122	-	88,122
<u>2,675,057</u>	<u>7,613,507</u>	<u>10,288,564</u>

----- 2021 -----		
At fair value through profit or loss	At amortised cost	Total

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

Financial liabilities

Payable to AI Meezan Investment Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against redemption and conversion of units

Payable to Meezan Bank Limited

Accrued expenses and other liabilities

-	9,590	9,590
-	830	830
-	153,609	153,609
-	834	834
-	1,264	1,264
<u>-</u>	<u>166,127</u>	<u>166,127</u>

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

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

Financial assets

Balances with banks

Investments

Receivable against conversion of units

Deposits and other receivables

2,580,042	-	2,580,042
-	7,182,290	7,182,290
149,747	-	149,747
104,676	-	104,676
<u>2,834,465</u>	<u>7,182,290</u>	<u>10,016,755</u>

----- 2020 -----		
At fair value through profit or loss	At amortised cost	Total
----- Rupees in '000 -----		

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	8,724	8,724
Payable to Central Depository Company of Pakistan Limited - Trustee	-	536	536
Payable against redemption and conversion of units	-	106,266	106,266
Payable to Meezan Bank Limited	-	412	412
Accrued expenses and other liabilities	-	1,654	1,654
	-	<u>117,592</u>	<u>117,592</u>

18 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.

Risks managed and measured by the Fund are explained below:

18.1 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 and regulations laid down by the SECP.

Market risk comprises of three types of risks: Profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on its balances held with banks and investments in sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based sukuks certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 96.709 million (2020: Rs. 97.59 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund did 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, profit 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, 2021 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, 2021 can be determined as follows:

----- 2021 -----						
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in 000 -----						
Financial assets						
Balances with banks	1.50% - 7.32%	2,057,357	-	-	2,844	2,060,201
Investments	7.20% - 8.81%	-	7,613,507	-	-	7,613,507
Receivable against conversion of units		-	-	-	526,734	526,734
Deposits and other receivables		-	-	-	88,122	88,122
		2,057,357	7,613,507	-	617,700	10,288,564
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	9,590	9,590
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	830	830
Payable against redemption and conversion of units		-	-	-	153,609	153,609
Payable to Meezan Bank Limited		-	-	-	834	834
Accrued expenses and other liabilities		-	-	-	1,264	1,264
		-	-	-	166,127	166,127
On-balance sheet gap (a)		2,057,357	7,613,507	-	451,573	10,122,437
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		2,057,357	7,613,507	-		
Cumulative interest rate sensitivity gap		2,057,357	9,670,864	9,670,864		

----- 2020 -----						
Effective interest rate (%)	Exposed to yield / Profit rate risk			Not exposed to yield / interest rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in 000 -----						
Financial assets						
Balances with banks	3.00% - 7.50%	2,577,198	-	-	2,844	2,580,042
Investments	8.02% - 14.25%	-	7,182,290	-	-	7,182,290
Receivable against conversion of units		-	-	-	149,747	149,747
Deposits, prepayments and other receivables		-	-	-	104,676	104,676
		2,577,198	7,182,290	-	257,267	10,016,755
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	8,724	8,724
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	536	536
Payable against redemption and conversion of units		-	-	-	106,266	106,266
Payable to Meezan Bank Limited		-	-	-	412	412
Accrued expenses and other liabilities		-	-	-	1,654	1,654
		-	-	-	117,592	117,592
On-balance sheet gap (a)		2,577,198	7,182,290	-	139,675	9,899,163
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		2,577,198	7,182,290	-		
Cumulative interest rate sensitivity gap		2,577,198	9,759,488	9,759,488		

(ii) Currency risk

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

(iii) Price risk

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

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not hold any instruments that expose it to price risk (other than those arising from profit rate risk or currency risk) as of June 30, 2021.

18.2 Liquidity risk

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

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

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

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:

----- 2021 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
Balances with banks	2,060,201	-	-	-	-	2,060,201
Investments	-	-	995,714	6,617,793	-	7,613,507
Receivable against conversion of units	526,734	-	-	-	-	526,734
Deposits and other receivables	88,022	-	-	-	100	88,122
	2,674,957	-	995,714	6,617,793	100	10,288,564
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	9,590	-	-	-	-	9,590
Payable to Central Depository Company of Pakistan Limited - Trustee	830	-	-	-	-	830
Payable against redemption and conversion of units	153,609	-	-	-	-	153,609
Payable to Meezan Bank Limited	834	-	-	-	-	834
Accrued expenses and other liabilities	487	777	-	-	-	1,264
	165,350	777	-	-	-	166,127
Net assets / (liabilities)	2,509,607	(777)	995,714	6,617,793	100	10,122,437

----- 2020 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
Financial assets						
Balances with banks	2,580,042	-	-	-	-	2,580,042
Investments	-	-	-	7,182,290	-	7,182,290
Receivable against conversion of units	149,747	-	-	-	-	149,747
Deposits and other receivables	104,576	-	-	-	100	104,676
	2,834,365	-	-	7,182,290	100	10,016,755
Financial liabilities						
Payable to Al Meezan Investment Management Limited Management Company	8,724	-	-	-	-	8,724
Payable to the Central Depository Company of Pakistan Limited - Trustee	536	-	-	-	-	536
Payable against redemption and conversion of units	106,266	-	-	-	-	106,266
Payable to Meezan Bank Limited	412	-	-	-	-	412
Accrued expenses and other liabilities	581	973	-	-	100	1,654
	116,519	973	-	-	100	117,592
Net assets / (liabilities)	2,717,846	(973)	-	7,182,290	-	9,899,163

18.3 Credit risk

18.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, receivable against issuance and conversion of units.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

	2021		2020	
	Balance as per statement of assets and	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Balances with banks	2,060,201	2,060,201	2,580,042	2,580,042
Investments	7,613,507	110,725	7,182,290	132,290
Receivable against conversion of units	526,734	526,734	149,747	149,747
Deposits and other receivables	88,122	61,317	104,676	94,869
	<u>10,288,564</u>	<u>2,758,977</u>	<u>10,016,755</u>	<u>2,956,947</u>

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

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 is the carrying amount of the financial assets. Investment in government securities and related profit receivable, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

18.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon and investment in sukuk certificates. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2021	2020
AAA	75.59	74.97
AA+	0.13	2.30
AA	8.68	0.96
A+	15.50	0.21
AA-	0.11	21.55
	100.00	100.00

19 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2021, the Fund held the following financial instruments measured at fair values:

	2021		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets 'at fair value through profit or loss'			
Investments	-	7,613,507	-
	-	7,613,507	-
	2020		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets 'at fair value through profit or loss'			
Investments	-	7,182,290	-
	-	7,182,290	-

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 18, 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 UNIT HOLDING PATTERN OF THE FUND

Category	2021			2020		
	Number of unit holders	Investment amount (Rupees)	Percentage of total	Number of unit holders	Investment amount (Rupees)	Percentage of total
Individuals	7,060	6,378,042	64.17	5,391	5,478,673	56.27
Associated Companies / Directors	6	1,018,914	10.25	10	2,197,650	22.57
Insurance Companies	5	429,982	4.33	1	1,752	0.02
Retirement Funds	55	1,190,089	11.97	46	599,777	6.16
Public Limited Companies	-	-	-	-	-	-
Others	71	922,225	9.28	58	1,458,479	14.98
Total	7,197	9,939,252	100.00%	5,506	9,736,331	100.00%

22 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2021		2020	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Summit Capital (Private) Limited	2.47	Next Capital Limited	4.10
BMA Capital Management Limited	0.28	JS Global Capital Limited	95.90
BIPL Securities Limited	1.32		
JS Global Capital Limited	95.93		
	<u>100.00</u>		<u>100.00</u>

22.1 The Fund has traded with only the above mentioned 4 brokers / dealers during the year ended June 30, 2021 (2020: 2 brokers / dealers).

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty one years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty five years
Mr. Taha Javed	Head of Equity	CFA / MBA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fourteen years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Eleven years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fourteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Twelve years
Mr. Ali Asghar	Head of Research	CFA / MBA (in progress)	Ten years

23.1 The Fund manager of the Fund is Mr. Faizan Saleem. Other Funds being managed by the Fund Manager are as follows:

- Meezan Cash Fund;
- Meezan Islamic Income Fund; and
- Meezan Rozana Amdani Fund

24 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					
		August 13, 2020	September 17, 2020	October 21, 2020	February 15, 2021	April 12, 2021	June 21, 2021
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	No	-	-	-
Mr. Moin M. Fudda (Appointed in place of Mr Ijaz Farooq as nominee director of Meezan Bank Limited)*	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	-	-	-
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	-	-	-
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	-	-	-
Mr. Mubashar Maqbool (Appointed in place of Syed Amir Ali Zaidi)*	Director	-	-	-	Yes	Yes	Yes
Mr. Tariq Mairaj (Appointed in place of Mr. Arshad Majeed)*	Director	-	-	-	Yes	Yes	Yes
Mr. Feroz Rizvi (Appointed in place of Mr. Moin M Fudda who continued as nominee director of MBL)*	Director	-	-	-	Yes	Yes	Yes
Ms. Danish Zuberi (Appointed in place of Ms. Saima Shaukat Khan)*	Director	-	-	-	Yes	Yes	Yes

* The effective date of start of tenure of new board, after re-election is December 31, 2020

25 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.

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on Aug 9, 2021 and further amended on Sep 14, 2021 to incorporate the subsequent event as disclosed in note 27.3 of the financial statements.

27 GENERAL

27.1 Impact of COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided certain time bound relaxations to CISs operating in Pakistan in order to provide temporary relaxation against covid pandemic. All of the relaxations provided have expired prior to June 30, 2021.



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

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

27.3 Subsequent events

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP. All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been incorporated in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.21 per unit (2020: Re 0.14 per unit).

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

Chief Executive

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

MEEZAN

CASH FUND (MCF)

Meezan Cash Fund is Pakistan's first Shariah Compliant Money Market Fund. MCF aims to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah Compliant money market and debt securities.



ROSHAN DIGITAL ACCOUNT INFLOW SURPASSES



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Moin M. Fudda	Nominee Director - MBL
Mr. Furquan R Kidwai	Independent Director
Mr. Mubashar Maqbool	Nominee Director - PKIC
Mr. Tariq Mairaj	Nominee Director - MBL
Mr. Naeem Sattar	Nominee Director - PKIC
Mr. Feroz Rizvi	Independent Director
Ms. Danish Zuberi	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Tariq Mairaj	Member
Mr. Naeem Sattar	Member

RISK MANAGEMENT COMMITTEE

Mr. Mubashar Maqbool	Chairman
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Mubashar Maqbool	Member
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Allied Bank Limited	MCB Bank Limited
Askari Bank Limited - Islamic Banking	MCB Islamic Bank Limited
Bank Al Habib Limited - Islamic Banking	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan - Islamic Banking
Dubai Islamic Bank Pakistan Limited	Sindh Bank Limited
Faysal Bank Limited - Islamic Banking	The Bank of Punjab
Habib Bank Limited -Islamic Banking	UBL Ameen - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking	

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Cash Fund (MCF)

Type of Fund

Open end cash fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

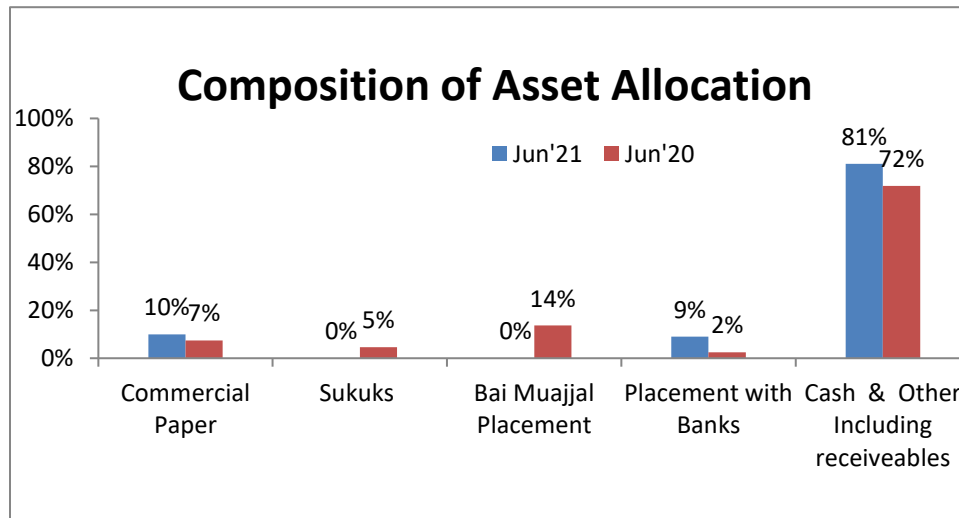
Objective

Its objective is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market & debt securities.

Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term tenors. As per its investment policy, MCF can invest or place funds in instruments/avenues with a credit rating of at least 'double A' (AA). Moreover, the investment policy limits interest rate risk by capping the maturity of instruments up to a maximum of six months, along with maximum portfolio weighted average time to maturity of three months.

Sector Allocation as on June 30th 2020 and 2021



Performance Review

Meezan Cash Fund (MCF) provided a return of 5.81% to its investors for the year ended June 30, 2021 as compared to its benchmark return of 3.41%.



Pure. Profit.



	MCF	deposits at Islamic Banks
Net Asset Value as on June 30, 2020	50.50	
Net Asset Value as on June 30, 2021	50.54	
Return During the Period - Net	5.81%	3.41%
Outperformance – Net	2.40%	

Benchmark: 3 Month average deposit rate of 3 AA rated Islamic Banks

The Fund earned a gross income of Rs. 1,038 million as compared to Rs. 1,404 million in last year, which was primarily due to profit on bank deposits, placements and Sukuks amounting to Rs. 1,039 million. The fund also incurred expenses totalling to Rs. 199 million, which brought the net income figure to Rs. 839 million. The net assets of the Fund as at June 30, 2021 were Rs. 13,557 million as compared to Rs. 14,026 million at the end of last year depicting a decrease of 3.35%. The net asset value per unit as at June 30, 2021 was Rs. 50.5379 as compared to Rs. 50.4952 per unit as on June 30, 2020.

Distributions

The interim Pay out by the Fund during the fiscal year ended June 30, 2021 was Rs. 2.89 per unit (5.78%). Total distribution made by the fund was Rs. 662 million.

Fund Stability Rating

VIS Credit Rating Company has assigned Stability Rating of AA (f) to Meezan Cash Fund.

Breakdown of unit holdings by size

(As on June 30, 2021)

Range (Units)	No. of investors
1 - 9,999	16,346
10,000 - 49,999	2,814
50,000 - 99,999	638
100,000 - 499,999	397
500,000 and above	40
Total	20,235

PERFORMANCE TABLE

	2021	2020	2019
Net assets (Rs '000) (ex-distribution)	13,557,014	14,026,439	8,851,088
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	50.5379	50.4952	50.4731
Offer price per unit as at June 30 (Rs) (ex-distribution) *	50.5379	50.4952	50.4731
Distribution (%)			
- First interim distribution	5.78	10.96	3.92
- Second interim distribution			
- Third interim distribution			
- Fourth interim distribution			
- Fifth interim distribution			
- Sixth interim distribution			
- Seventh interim distribution			
- Eighth interim distribution			
- Ninth interim distribution			
- Tenth interim distribution			
- Eleventh interim distribution			
- Final distribution			
Dates of distribution			
- First interim distribution	Jun 25, 2021	Jun 26, 2020	Jun 28, 2019
- Second interim distribution			
- Third interim distribution			
- Fourth interim distribution			
- Fifth interim distribution			
- Sixth interim distribution			
- Seventh interim distribution			
- Eighth interim distribution			
- Ninth interim distribution			
- Tenth interim distribution			
- Eleventh interim distribution			
- Final distribution			
Income distribution (Rupees in '000)	408,221	713,781	333,845
Growth distribution (Rupees in '000)	254,111	690,922	307,899
Highest offer price per unit (Rs.)	53.3853	55.9183	54.3533
Lowest offer price per unit (Rs.)	50.5041	50.4730	50.4455
Highest redemption price per unit (Rs.)	53.3853	55.9183	54.3533
Lowest redemption price per unit (Rs.) *	50.5041	50.4730	50.4455
Total return (%)	5.81%	10.95%	7.84%

	One Year	Two Year	Three Year
Average annual return (%) as at June 30, 2021	5.81%	8.35%	8.18%

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.



Meezan Bank
The Premier Islamic Bank



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

August 2, 2021/ Dhu Al-Hijjah 22, 1442

Alhamdulillah, the period from July 01, 2020 to June 30, 2021 was the Eleventh year of operations of Meezan Cash Fund (MCF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

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

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

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MCF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MCF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MCF for the year ended June 30, 2021 have been in compliance with *Shari'ah* principles.

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shariah Advisor

Meezan Bank Ltd.

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN CASH FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Cash Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 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 16, 2021



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Cash Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Cash Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, 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, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 5 and 6 to the financial statements)	
	<p>Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2021 amounted to Rs 2,724.517 million and balances with banks aggregated to Rs 10,670.565 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, 2021 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none">▪ Tested the design and operating effectiveness of the key controls for valuation of investments;▪ Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2021 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;▪ Ensured that the investments are carried as per the valuation methodology specified in the accounting policies; and▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

AMC

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 Requirements

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

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


Chartered Accountants
Karachi
Date: September 15, 2021



MEEZAN CASH FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021

	Note	2021	2020
----- (Rupees in '000) -----			
Assets			
Balances with banks	5	10,670,565	10,054,710
Investments	6	2,724,517	4,172,191
Receivable against conversion of units		448,896	184,956
Profit accrued	7	56,718	60,289
Deposits and prepayments	8	589	583
Total assets		13,901,285	14,472,729
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	9	13,765	18,036
Payable to Central Depository Company of Pakistan Limited - Trustee	10	829	972
Payable to the Securities and Exchange Commission of Pakistan	11	2,964	2,400
Payable against conversion and redemption of units		135,383	200,168
Accrued expenses and other liabilities	12	191,330	224,714
Total liabilities		344,271	446,290
NET ASSETS		<u>13,557,014</u>	<u>14,026,439</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>13,557,014</u>	<u>14,026,439</u>
CONTINGENCIES AND COMMITMENTS	13		
NUMBER OF UNITS IN ISSUE		<u>268,254,374</u>	<u>277,777,662</u>
----- Rupees -----			
NET ASSET VALUE PER UNIT		<u>50.5379</u>	<u>50.4952</u>

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN CASH FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021	2020
----- (Rupees in '000) -----			
Income			
Profit on corporate sukuks		171,939	76,583
Profit on commercial papers		32,944	167,117
Profit on term deposits		76,387	175,042
Profit on Bai Muajjal		43,693	168,278
Profit on saving accounts with banks		713,629	816,140
Net realised (loss) / gain on sale of investments		(193)	1,132
Total income		<u>1,038,399</u>	<u>1,404,292</u>
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	9.1	76,154	74,526
Sindh Sales Tax on remuneration of the Management Company	9.2	9,900	9,688
Selling and marketing expense	9.3	54,925	45,483
Allocated expenses	9.4	24,282	17,686
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	9,633	7,801
Sindh Sales Tax on remuneration of the Trustee	10.2	1,252	1,014
Annual fees to the Securities and Exchange Commission of Pakistan	11	2,964	2,400
Auditors' remuneration	14	509	510
Fees and subscription		1,459	1,403
Legal and professional charges		215	-
Brokerage expenses		30	801
Bank and settlement charges		1,027	1,142
Provision for Sindh Workers' Welfare Fund	12.2	17,121	24,837
Total expenses		<u>199,471</u>	<u>187,291</u>
Net income for the year before taxation		<u>838,928</u>	<u>1,217,001</u>
Taxation	16	-	-
Net income for the year after taxation		<u><u>838,928</u></u>	<u><u>1,217,001</u></u>
Allocation of net income for the year			
Net income for the year after taxation		838,928	1,217,001
Income already paid on units redeemed		(420,213)	(448,464)
		<u>418,715</u>	<u>768,537</u>
Accounting income available for distribution			
- Relating to capital gains		-	1,132
- Excluding capital gains		418,715	767,405
		<u>418,715</u>	<u>768,537</u>

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

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN CASH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**



**Meezan
Cash Fund**

	2021	2020
	----- (Rupees in '000) -----	
Net income for the year after taxation	838,928	1,217,001
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>838,928</u>	<u>1,217,001</u>

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

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

Chief Executive

Chief Financial Officer

Director



MEEZAN CASH FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

Note	2021	2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	838,928	1,217,001
Decrease / (increase) in assets		
Investments - net	2,397,674	(401,192)
Profit accrued	3,571	32,059
Deposits and prepayments	(6)	(4)
	2,401,239	(369,137)
(Decrease) / increase in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	(4,271)	6,730
Payable to Central Depository Company of Pakistan Limited - Trustee	(143)	138
Payable to the Securities and Exchange Commission of Pakistan	564	(6,364)
Accrued expenses and other liabilities	(33,384)	120,766
	(37,234)	121,270
Net cash generated from operating activities	3,202,933	969,134
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	38,490,400	43,628,703
Payments against redemption and conversion of units	(39,719,257)	(38,909,681)
Dividend paid	(408,221)	(713,781)
Net cash (used in) / generated from financing activities	(1,637,078)	4,005,241
Net increase in cash and cash equivalents	1,565,855	4,974,375
Cash and cash equivalents at the beginning of the year	10,404,710	5,430,335
Cash and cash equivalents at the end of the year	11,970,565	10,404,710

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN CASH FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Cash Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed on May 14, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point in time. The Fund shall seek to maximise preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and Shariah compliant debt securities. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is categorized as an open-end Shariah Compliant (Islamic) Money Market Scheme listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The Management Company has been assigned a quality rating of AM1 by VIS Credit Rating Company Limited dated December 31, 2020 (2020: AM1 dated December 31, 2019) and by PACRA dated June 23, 2021 (2020: AM1 dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of AA(f) by VIS Credit Rating Company Limited dated January 12, 2021.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.6** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company has submitted Collective Investment Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020) for registration to fulfill the requirement for registration of Trust Deed under Sindh Trusts Act, 2020.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

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

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

There are certain standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

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

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

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Debt instruments

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

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.2 Impairment

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

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

4.3.3 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

4.3.4 Regular way contracts

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

4.3.5 Initial recognition and measurement

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

4.3.6 Derecognition

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price represents the net assets value of the units as of the close of that business day plus the allowable sales load, provision for duties and charges and provision for transaction costs, if applicable.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits and term deposit receipts is recognised on time proportion basis using the effective yield method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Income on sukuk certificates, commercial papers and government securities is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by SECP for which the profits are recorded on cash basis.

4.12 Expenses

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

4.13 Taxation

Current

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

Deferred

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

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

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Provided that, for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units shall not be taken into account.

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

4.14 Earnings / (loss) per unit

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

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

4.15 Foreign currency translation

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

5	BALANCES WITH BANKS	Note	2021	2020
			------(Rupees in '000)-----	
	Balances with banks in:			
	Savings accounts	5.1	10,670,379	10,054,064
	Current account		186	646
			<u>10,670,565</u>	<u>10,054,710</u>
5.1	This includes balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.5% (2020: 3%) per annum. Other sharing accounts have expected profit rates ranging from 1.50% to 7.00% per annum (2020: 1.50% to 7.50% per annum).			
6	INVESTMENTS	Note	2021	2020
			------(Rupees in '000)-----	
	At fair value through profit or loss			
	Corporate sukuks	6.1	-	675,000
	Commercial papers	6.2	1,424,517	1,080,275
	Term deposit receipts - having original maturity of 3 months or less	6.3	1,300,000	350,000
	Bai muajjal receivable	6.4	-	2,066,916
			<u>2,724,517</u>	<u>4,172,191</u>

6.1 Corporate Sukuks

Name of the security	Maturity date	Profit rate	As at July 1, 2020	Purchases during the year	Matured during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation/ (diminution) as at June 30, 2021	Percentage in relation to	
			(Number of certificates)			(Rupees in '000)		%			
Hub Power Company Limited - VII (AA+, PACRA) (note 6.1.1)	November 19, 2020	6 months KIBOR plus base rate of 1.50%	6,750	-	6,750	-	-	-	-	-	-
Hub Power Company Limited - VIII (AA+, PACRA) (note 6.1.1)	May 17, 2021	6 month KIBOR plus base rate of 1.30%		6,460	6,460	-	-	-	-	-	-
Kot Addu Power Company Limited - V (A1+ VIS) (note 6.1.1)	June 8, 2021	3 month KIBOR plus base rate of 0.70%		6,850	6,850	-	-	-	-	-	-
Total as at June 30, 2021							-	-			
Total as at June 30, 2020							675,000	675,000			

6.1.1 The nominal value of these sukuk certificates is Rs 100,000 each.

6.2 Commercial Papers

Name of the security	Maturity date	Profit rate	As at July 1, 2020	Purchases during the year	Sales / redemptions / maturity during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation/ (diminution) as at June 30, 2021	Percentage in relation to	
			(Number of certificates)			(Rupees in '000)		%			
K-Electric Limited CP V (note 6.2.1)	August 14, 2020	6 month KIBOR plus base rate of 1.15%	109	-	109	-	-	-	-	-	-
K-Electric Limited CP VI (note 6.2.1)	August 26, 2020	6 month KIBOR plus base rate of 1.15%	225	-	225	-	-	-	-	-	-
K-Electric Limited CP VII (note 6.2.1)	September 10, 2020	6 month KIBOR plus base rate of 1.15%	250	-	250	-	-	-	-	-	-
K-Electric Limited CP VIII (note 6.2.1)	October 6, 2020	6 month KIBOR plus base rate of 1.15%	525	-	525	-	-	-	-	-	-
K-Electric Limited CP IX (note 6.2.1)	February 12, 2021	6 month KIBOR plus base rate of 1.00%	-	675	675	-	-	-	-	-	-
K-Electric Limited CP X (note 6.2.1)	February 26, 2021	6 month KIBOR plus base rate of 0.95%	-	675	675	-	-	-	-	-	-
K-Electric Limited CP XI (note 6.2.1)	March 9, 2021	6 month KIBOR plus base rate of 0.85%	-	250	250	-	-	-	-	-	-
K-Electric Limited CP XII (note 6.2.1)	March 24, 2021	6 month KIBOR plus base rate of 0.75%	-	95	95	-	-	-	-	-	-

Name of the security	Maturity date	Profit rate	As at July 1, 2020	Purchases during the year	Sales / redemptions / maturity during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation/ (diminution) as at June 30, 2021	Percentage in relation to	
			----- (Number of certificates) -----			----- (Rupees in '000) -----			---- % ----		
K-Electric Limited CP XV (A-1+, PACRA) (note 6.2.1)	September 2, 2021	6 month KIBOR plus base rate of 0.60%	-	625	-	625	616,455	616,455	-	4.55%	22.63%
K-Electric Limited CP XVI (A-1+, PACRA) (note 6.2.1)	September 16, 2021	6 month KIBOR plus base rate of 0.60%	-	300	-	300	294,853	294,853	-	2.17%	10.82%
K-Electric Limited CP XVII (A-1+, VIS) (note 6.2.1)	October 6, 2021	6 month KIBOR plus base rate of 0.55%	-	325	-	325	318,022	318,022	-	2.35%	11.67%
K-Electric Limited CP XVIII (A-1+, VIS) (note 6.2.1)	October 19, 2021	6 month KIBOR plus base rate of 0.55%	-	200	-	200	195,187	195,187	-	1.44%	7.16%
Total as at June 30, 2021							<u>1,424,517</u>	<u>1,424,517</u>			
Total as at June 30, 2020							<u>1,080,275</u>	<u>1,080,275</u>			

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

6.2.2 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

6.3 Term Deposit Receipts

Name of the bank	Maturity date	Profit rate	As at July 1, 2020	Term deposit receipts placed during the year	Matured during the year	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation/ (diminution) as at June 30, 2021	Percentage in relation to		
		%	----- (Rupees in '000) -----						% ----		
Having original maturity of 3 months or less											
United Bank Limited - Ameen	July 8, 2020	7.35%	350,000	-	350,000	-	-	-	-	-	
United Bank Limited - Ameen	August 8, 2020	6.45%	-	350,000	350,000	-	-	-	-	-	
United Bank Limited - Ameen	September 8, 2020	6.45%	-	350,000	350,000	-	-	-	-	-	
United Bank Limited - Ameen	October 8, 2020	6.50%	-	350,000	350,000	-	-	-	-	-	
United Bank Limited - Ameen	October 5, 2020	6.50%	-	1,000,000	1,000,000	-	-	-	-	-	
United Bank Limited - Ameen	November 5, 2020	6.50%	-	1,000,000	1,000,000	-	-	-	-	-	
United Bank Limited - Ameen	November 9, 2020	6.50%	-	350,000	350,000	-	-	-	-	-	
United Bank Limited - Ameen	December 5, 2020	6.60%	-	1,100,000	1,100,000	-	-	-	-	-	
United Bank Limited - Ameen	December 9, 2020	6.60%	-	350,000	350,000	-	-	-	-	-	
United Bank Limited - Ameen	January 7, 2021	6.85%	-	1,100,000	1,100,000	-	-	-	-	-	
United Bank Limited - Ameen	January 9, 2021	6.85%	-	350,000	350,000	-	-	-	-	-	
United Bank Limited - Ameen	February 8, 2021	6.75%	-	1,200,000	1,200,000	-	-	-	-	-	
United Bank Limited - Ameen	March 8, 2021	6.75%	-	1,200,000	1,200,000	-	-	-	-	-	
United Bank Limited - Ameen	April 8, 2021	6.90%	-	1,200,000	1,200,000	-	-	-	-	-	
United Bank Limited - Ameen	April 30, 2021	6.90%	-	100,000	100,000	-	-	-	-	-	
United Bank Limited - Ameen	May 5, 2021	6.85%	-	1,200,000	1,200,000	-	-	-	-	-	
United Bank Limited - Ameen	May 31, 2021	6.85%	-	100,000	100,000	-	-	-	-	-	
United Bank Limited - Ameen	May 31, 2021	6.85%	-	1,200,000	1,200,000	-	-	-	-	-	
United Bank Limited - Ameen	July 5, 2021	7.00%	-	1,300,000	-	1,300,000	1,300,000	-	9.59%	47.71%	
As at June 30, 2021				<u>13,800,000</u>	<u>12,850,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>			
As at June 30, 2020						<u>350,000</u>	<u>350,000</u>	<u>-</u>			

6.4 Bai Muajjal Receivable

Name of the counterparty	Maturity date	Profit rate	Total	Total	Accrued	Carrying
			Transaction Price	Deferred Income	Profit for the period	value as at June 30, 2021
(Rupees in '000)						
Pak Kuwait Investment Company (AAA, PACRA)	Monday, July 20, 2020	12.70%	977,100	61,876	6,460	-
United Bank Limited (AAA, VIS)	Monday, August 31, 2020	12.45%	993,400	61,670	20,670	-
Pak China Investment Company (AAA, VIS)	Tuesday, December 22, 2020	6.65%	249,963	4,144	4,144	-
Pak China Investment Company (AAA, VIS)	Friday, December 18, 2020	6.65%	249,709	4,140	4,140	-
Pak China Investment Company (AAA, VIS)	Thursday, December 24, 2020	6.65%	250,090	4,146	4,146	-
Pak China Investment Company (AAA, VIS)	Monday, December 28, 2020	6.65%	249,310	4,133	4,133	-
Total as at June 30, 2021			2,969,572	140,110	43,693	-
Total as at June 30, 2020			4,092,731	213,958	168,278	2,066,916

7 PROFIT ACCRUED	Note	2021	2020
		----- (Rupees in '000) -----	
Profit accrued on:			
Bank balances		48,989	51,042
Term deposit receipts		7,729	1,621
Sukuk certificates		-	7,626
		<u>56,718</u>	<u>60,289</u>
8 DEPOSITS AND PREPAYMENTS			
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepayments		289	283
Initial deposit with Meezan Bank Limited		200	200
		<u>589</u>	<u>583</u>
9 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee payable	9.1	449	942
Sindh Sales Tax payable on remuneration of the Management Company	9.2	57	122
Selling and marketing expenses payable	9.3	10,478	14,990
Allocated expenses payable	9.4	2,781	1,982
		<u>13,765</u>	<u>18,036</u>

9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.5% from July 01, 2020 till May 07, 2021 of average annual net assets of the Fund and 0.6% of average annual net assets of the Fund from May 08, 2021 till June 30, 2021 (2020: 1% per annum of the average net assets from July 1, 2019 to July 21, 2019 and at 0.6% of average annual net assets of the fund from July 22, 2019 till June 30, 2020). The remuneration is payable to the Management Company monthly in arrears.

9.2 During the year, an amount of Rs. 9.900 million (2020: Rs 9.688 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. 9.965 million (2020: Rs. 10.761 million) has been paid to the Management Company which acts as a collecting agent.

9.3 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion while keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008 at the rate of 0.4% per annum of the average annual net assets of the Fund from July 1, 2020 to March 9, 2021 and at 0.3% per annum from March 10, 2021 to June 30, 2021 (0.4% of the average annual net assets of the fund effective July 22, 2019 to June 30, 2020).

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

The management company based on its own discretion charged 0.15% of the average annual net assets of the scheme for allocation of such expenses to the Fund from July 01, 2020 till May 07, 2021 and at 0.25% per annum of the average annual net assets of the scheme from May 08, 2021 till June 30, 2021 (2020: 0.1% of the average annual net assets of the scheme from July 1, 2019 till July 21, 2019 and 0.15% from July 22, 2019 till June 30, 2020).

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2021	2020
------(Rupees in '000)-----			
Trustee fee payable	10.1	734	860
Sindh Sales Tax payable on trustee fee	10.2	95	112
		<u>829</u>	<u>972</u>

- 10.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed at 0.065% (2020: 0.065%) per annum of average annual net assets of the Fund.

- 10.2** During the year, an amount of Rs 1.252 million (2020: Rs 1.014 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 1.269 million (2020: Rs 0.998 million) was paid to the Trustee which acts as a collecting agent.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as a money market scheme is required to pay annual fee to the Securities and Exchange Commission of Pakistan at the rate of 0.02% (2020: 0.02%) per annum of average annual net assets of the Fund.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2021	2020
------(Rupees in '000)-----			
Auditors' remuneration payable		335	336
Printing expenses payable		111	111
Brokerage payable		49	511
Shariah advisor fee payable		653	606
Withholding tax payable		73,530	122,325
Capital gain tax payable		15,532	17,210
Federal Excise Duty payable on remuneration of the Management Company	12.1	27,018	27,018
Provision for Sindh Workers' Welfare Fund	12.2	72,854	55,733
Other expenses payable		463	389
Zakat payable		785	475
		<u>191,330</u>	<u>224,714</u>

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

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 27.018 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.10 (2020: Re 0.10) per unit.

- 12.2** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made 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, 2021, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Re 0.27 per unit (2020: Re 0.20 per unit).

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

14 AUDITORS' REMUNERATION	Note	2021	2020
		------(Rupees in '000)-----	
Annual audit fee		364	364
Half yearly review		119	119
Out of pocket expenses		26	27
		509	510
		509	510

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 1.35% (2020: 1.56%) which includes 0.21% (2020: 0.32%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market 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, 2021 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 Finance Act, 2015 is also not applicable on Funds as per Section 4B of the Income Tax Ordinance, 2001.

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees' Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.
- 17.2** Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 17.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.
- 17.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5** The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

Balances	2021	2020
	------(Rupees in '000)-----	
Al Meezan Investment Management Limited - Management Company		
Management fee payable	449	942
Sindh Sales Tax payable on the remuneration of the Management Company	57	122
Selling and marketing expenses payable	10,478	14,990
Allocated expenses payable	2,781	1,982
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	734	860
Sindh Sales Tax payable on trustee fee	95	112
Security deposit with Central Depository Company of Pakistan Limited	100	100
Meezan Bank Limited		
Balance with bank	321,188	245,644
Profit receivable on saving account	159	318
Shariah advisor fee payable	653	606
Directors and Executives of the Management Company		
Investment of 8,454,024 units (2020: 8,292,346 units)	427,248	418,724
For the year ended June 30,		
Transactions during the year	2021	2020
	------(Rupees in '000)-----	
Al Meezan Investment Management Limited - Management Company		
Remuneration of Al Meezan Investment Management Limited - Management Company	76,154	74,526
Sindh Sales Tax on the remuneration of the Management Company	9,900	9,688
Selling and marketing expenses	54,925	45,483
Allocated expenses	24,282	17,686
Units issued: nil units (2020: 36,085,264 units)	-	2,000,001
Units redeemed: nil units (2020: 36,085,264 units)	-	2,003,842
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9,633	7,801
Sindh Sales Tax on remuneration of the Trustee	1,252	1,014
CDS charges	380	310
Meezan Bank Limited		
Profit on saving accounts	2,649	9,446
Term deposits receipts placed	-	1,000,000
Term deposits matured	-	1,000,000
Profit on term deposit receipt	-	33,623
Shariah advisor fee	1,128	1,075



For the year ended June 30,
2021 2020
----- (Rupees in '000) -----

Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan

Units redeemed: nil units (2020: 898,802 units)

- 45,839

Meezan Financial Planning Fund of Funds - Conservative Allocation Plan

Units redeemed: nil units (2020: 1,628,815 units)

- 83,034

Meezan Financial Planning Fund of Funds - Moderate Allocation Plan

Units redeemed: nil units (2020: 1,000,001 units)

- 50,914

Meezan Financial Planning Fund of Funds - MAAP - I

Units issued: nil units (2020: 3,821,029 units)

- 196,322

Units redeemed: nil units (2020: 3,829,477 units)

- 199,398

Meezan Strategic Allocation Fund - MSAP - I

Units issued: nil units (2020: 11,301,674 units)

- 596,752

Units redeemed: nil units (2020: 11,301,674 units)

- 597,678

Meezan Strategic Allocation Fund - MSAP - II

Units redeemed: nil units (2020: 1,616 units)

- 83

Meezan Strategic Allocation Fund - MSAP - III

Units redeemed: nil units (2020: 116,450 units)

- 5,926

Meezan Strategic Allocation Fund - MSAP - IV

Units redeemed: nil units (2020: 158,203 units)

- 8,082

Meezan Strategic Allocation Fund - MSAP - V

Units redeemed: nil units (2020: 786,614 units)

- 40,274

Meezan Strategic Asset Allocation Fund - MCPP-III

Units Issued: nil units (2020: 45,907,961 units)

- 2,375,547

Units redeemed: nil units (2020: 45,907,961 units)

- 2,399,864

Meezan Strategic Allocation Fund II - MCPP - IV

Units issued: 3,239,124 units (2020: 60,052,727 units)

165,000 3,191,022

Units redeemed: 3,239,124 units (2020: 60,052,727 units)

165,077 3,210,844

Meezan Strategic Allocation Fund II - MCPP - V

Units issued: 569,301 units (2020: 14,488,227 units)

29,000 764,542

Units redeemed: 569,301 units (2020: 14,488,227 units)

29,014 768,550

Meezan Strategic Allocation Fund II - MCPP - VI

Units issued: nil units (2020: 9,714,504 units)

- 510,190

Units redeemed: nil units (2020: 9,714,504 units)

- 512,629

Meezan Strategic Allocation Fund II - MCPP - VII

Units issued: nil units (2020: 5,532,141 units)

- 291,866

Units redeemed: nil units (2020: 5,532,141 units)

- 293,151

Meezan Strategic Allocation Fund II - MCPP - VIII

Units issued: nil units (2020: 5,286,139 units)

- 273,486

Units redeemed: nil units (2020: 5,286,139 units)

- 274,147

For the year ended June 30,

2021 2020

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

Meezan Strategic Allocation Fund III- MCPP - IX

Units issued: nil units (2020: 2,417,604 units)

Units redeemed: nil units (2020: 2,482,231 units)

-	127,049	
-	130,549	

Directors and Executives of the Management Company

Units issued: 7,920,760 units (2020: 15,889,970 units)

Units redeemed: 7,767,557 units (2020: 8,082,912 units)

Dividend Paid

Refund of Capital

414,021	870,310	
404,946	447,483	
18,785	1,690	
1,471	37,927	

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

	Note	2021	2020
----- (Rupees in '000) -----			
18 CASH AND CASH EQUIVALENTS			
Cash and bank balances	5	10,670,565	10,054,710
Term deposit receipt (with original maturity of three months)	6.3	1,300,000	350,000
		11,970,565	10,404,710

19 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Balances with banks

Investments

Receivable against conversion of units

Profit accrued

Deposits

----- 2021 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
10,670,565	-	10,670,565
-	2,724,517	2,724,517
448,896	-	448,896
56,718	-	56,718
300	-	300
11,176,479	2,724,517	13,900,996

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against conversion and redemption of units

Accrued expenses and other liabilities

----- 2021 -----		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----		
-	13,765	13,765
-	829	829
-	135,383	135,383
-	1,611	1,611
-	151,588	151,588

Financial assets

Balances with banks

Investments

Receivable against conversion of units

Profit accrued

Deposits

----- 2020 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
10,054,710	-	10,054,710
-	4,172,191	4,172,191
184,956	-	184,956
60,289	-	60,289
300	-	300
10,300,255	4,172,191	14,472,446

----- 2020 -----		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----		

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	18,036	18,036
Payable to Central Depository Company of Pakistan Limited - Trustee	-	972	972
Payable against conversion and redemption of units	-	200,168	200,168
Accrued expenses and other liabilities	-	1,953	1,953
	-	<u>221,129</u>	<u>221,129</u>

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, 2008, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Risks managed and measured by the Fund are explained below:

20.1 Market risk

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

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

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

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on its balances held with banks and investments in commercial papers and term deposit receipts. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund's profit rate risk arises from the balances in savings accounts and investments in term deposit receipts. At June 30, 2021, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 119.704 million (2020: Rs 110.791 million).

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in commercial papers. At June 30, 2021, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 14.245 million (2020: Rs 31.472 million).

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

----- 2021 -----						
Effective interest rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000 -----						
Financial assets						
Balances with banks	1.50% to 7.00%	10,670,379	-	-	186	10,670,565
Investments	7.00% - 8.48%	2,211,308	513,209	-	-	2,724,517
Receivable against conversion of units		-	-	-	448,896	448,896
Profit accrued		-	-	-	56,718	56,718
Deposits		-	-	-	300	300
		12,881,687	513,209	-	506,100	13,900,996
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	13,765	13,765
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	829	829
Payable against conversion and redemption of units		-	-	-	135,383	135,383
Accrued expenses and other liabilities		-	-	-	1,611	1,611
		-	-	-	151,588	151,588
On-balance sheet gap (a)		12,881,687	513,209	-	354,512	13,749,408
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		12,881,687	513,209	-		
Cumulative profit rate sensitivity gap		12,881,687	13,394,896	13,394,896		

----- 2020 -----						
Effective interest rate (%)	Exposed to profit rate risk			Not exposed to yield / interest rate	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000 -----						
Financial assets						
Balances with banks	1.50% to 7.50%	10,054,064	-	-	646	10,054,710
Investments	KIBOR + 1.00% and 9.59% - 14.70%	3,497,191	675,000	-	-	4,172,191
Receivable against conversion of units		-	-	-	184,956	184,956
Profit accrued		-	-	-	60,289	60,289
Deposits		-	-	-	300	300
		13,551,255	675,000	-	246,191	14,472,446
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	18,036	18,036
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	972	972
Payable against conversion and redemption of units		-	-	-	200,168	200,168
Accrued expenses and other liabilities		-	-	-	1,953	1,953
		-	-	-	221,129	221,129
On-balance sheet gap (a)		13,551,255	675,000	-	25,062	14,251,317
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		13,551,255	675,000	-		
Cumulative profit rate sensitivity gap		13,551,255	14,226,255	14,226,255		

(ii) Currency risk

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

(iii) Price risk

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

20.2 Liquidity risk

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

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

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

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

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

----- 2021 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

Financial assets

Balances with banks	10,670,565	-	-	-	-	-	10,670,565
Investments	1,300,000	911,308	513,209	-	-	-	2,724,517
Receivable against conversion of units	448,896	-	-	-	-	-	448,896
Profit accrued	56,718	-	-	-	-	-	56,718
Deposits	-	-	-	-	-	300	300
	12,476,179	911,308	513,209	-	-	300	13,900,996

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	13,765	-	-	-	-	-	13,765
Payable to Central Depository Company of Pakistan Limited - Trustee	829	-	-	-	-	-	829
Payable against conversion and redemption of units	135,383	-	-	-	-	-	135,383
Accrued expenses and other liabilities	49	1,562	-	-	-	-	1,611
	150,026	1,562	-	-	-	-	151,588

Net assets / (liabilities)

	12,326,153	909,746	513,209	-	-	300	13,749,408
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2020						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

Financial assets

Balances with banks	10,054,710	-	-	-	-	10,054,710
Investments	-	3,497,191	675,000	-	-	4,172,191
Receivable against conversion of units	184,956	-	-	-	-	184,956
Profit accrued	52,663	-	7,626	-	-	60,289
Deposits	-	-	-	-	300	300
	10,292,329	3,497,191	682,626	-	300	14,472,446

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	18,036	-	-	-	-	18,036
Payable to Central Depository Company of Pakistan Limited - Trustee	972	-	-	-	-	972
Payable against conversion and redemption of units	200,168	-	-	-	-	200,168
Accrued expenses and other liabilities	900	1,053	-	-	-	1,953
	220,076	1,053	-	-	-	221,129

Net assets / (liabilities)

	10,072,253	3,496,138	682,626	-	300	14,251,317
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20.3 Credit risk

20.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks and investments, receivable against conversion of units and credit exposure arising as a result of investments in commercial papers. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by the Trustee of the fund minimises the credit risk. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

	2021		2020	
	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	10,670,565	10,670,565	10,054,710	10,054,710
Investments	2,724,517	2,724,517	4,172,191	4,172,191
Receivable against conversion of units	448,896	448,896	184,956	184,956
Profit accrued	56,718	56,718	60,289	60,289
Deposits	300	300	300	300
	13,900,996	13,900,996	14,472,446	14,472,446

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 is the carrying amount of the financial assets.

20.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2021	2020
AAA	87.53	97.44
AA+	-	2.46
AA	12.47	0.10
	<u>100.00</u>	<u>100.00</u>

Ratings of outstanding investments have been disclosed in related notes to the financial statements.

20.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties, any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2021 are unsecured and are not impaired.

21 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2021, the Fund held the following financial instruments measured at fair values:

	2021		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Term deposit receipts - having original maturity of 3 months or less *	-	1,300,000	-
Commercial papers **	-	1,424,517	-
	<u>-</u>	<u>2,724,517</u>	<u>-</u>

----- 2020 -----		
Level 1	Level 2	Level 3
----- Rupees in '000 -----		
Financial assets - at fair value through profit or loss		
Corporate sukuks *	675,000	-
Commercial papers **	1,080,275	-
Term deposit receipts - having original maturity of 3 months or less *	350,000	-
Bai Muajjal receivable **	2,066,916	-
-	4,172,191	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers and Bai Muajjal receivable have been carried out based on amortisation of commercial papers and the sale price under Bai Muajjal to their fair values as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and they are placed with counterparties which have high credit rating.

22 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirements of minimum fund size at all times.

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

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 UNIT HOLDING PATTERN OF THE FUND

Category	----- 2021 -----			----- 2020 -----		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	19,923	11,767,767	86.80	18,026	12,130,444	86.48
Associated Companies /						
Directors	4	380,173	2.80	4	381,251	2.72
Insurance Companies	4	7,179	0.05	5	64,166	0.46
Banks and DFIs	-	-	-	2	550,253	3.92
Retirement Funds	56	528,670	3.90	64	464,116	3.31
Private Limited Companies	62	575,826	4.25	62	277,437	1.98
Others	186	297,399	2.19	44	158,772	1.13
	<u>20,235</u>	<u>13,557,014</u>	<u>100.00%</u>	<u>18,207</u>	<u>14,026,439</u>	<u>100.00%</u>

24 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2021 -----		----- 2020 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Js Global Capital Limited	100%	Invest One Market Limited	86%
		Paramount Capital (Private) Limited	10%
		BIPL Securities Limited	3%
		C & M Management Private Limited	1%
	<u>100%</u>		<u>100%</u>

24.1 The Fund has traded only with the above mentioned broker / dealer during the year ended June 30, 2021.

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty one years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty five years
Mr. Taha Javed	Head of Equity	CFA / MBA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fourteen years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Eleven years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fourteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Twelve years
Mr. Ali Asghar	Head of Research	CFA / MBA (in progress)	Ten years

The Fund manager of the Fund is Mr. Faizan Saleem. Other Funds being managed by the Fund Manager are as follows:

- Meezan Islamic Income Fund
- Meezan Sovereign Fund
- Meezan Rozana Amdani Fund

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Designation	Meeting held on					
		August 13, 2020	September 17, 2020	October 21, 2020	February 15, 2021	April 12, 2021	June 21, 2021
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	No	-	-	-
Mr. Moin M. Fudda (Appointed in place of Mr Ijaz Farooq as nominee director of Meezan Bank Limited)*	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	-	-	-
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	-	-	-
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	-	-	-
Mr. Mubashar Maqbool (Appointed in place of Syed Amir Ali Zaidi)*	Director	-	-	-	Yes	Yes	Yes
Mr. Tariq Mairaj (Appointed in place of Mr. Arshad Majeed)*	Director	-	-	-	Yes	Yes	Yes
Mr. Feroz Rizvi (Appointed in place of Mr. Moin M Fudda who continued as nominee director of MBL)*	Director	-	-	-	Yes	Yes	Yes
Ms. Danish Zuberi (Appointed in place of Ms. Saima Shaukat Khan)*	Director	-	-	-	Yes	Yes	Yes

* The effective date of start of tenure of new board, after re-election is December 31, 2020

27 CORRESPONDING FIGURES

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

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on Aug 9, 2021 and further amended on Sep 14, 2021 to incorporate the subsequent event as disclosed in note 29.3 of the financial statements.

29 GENERAL

29.1 Impact of COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided certain time bound relaxations to CISs operating in Pakistan in order to provide temporary relaxation against covid pandemic. All of the relaxations provided have expired prior to June 30, 2021.

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

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

29.3 Subsequent events

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP. All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been incorporated in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.27 per unit (2020: Re 0.20 per unit).

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

Chief Executive

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

MEEZAN

ROZANA AMDANI FUND (MRAF)

The objective of the Fund is to meet liquidity needs of investors by providing investors a daily payout through investment in Shariah Compliant money market instruments.

The Fund shall be subject to such exposure limits as are specified in the Rules, the Regulations and directives issued by SECP from time to time. The Fund will make daily payout to the unit holders, which will be reinvested.



A QUANTUM LEAP
FROM
136TH POSITION
TO

108

A tree with a brown trunk and branches, where the leaves and branches are shaped to form the number 108. The tree is set against a white background with a green watercolor wash at the bottom.

FOR
"EASE OF
DOING
BUSINESS"

FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Moin M. Fudda	Nominee Director - MBL
Mr. Furquan R Kidwai	Independent Director
Mr. Mubashar Maqbool	Nominee Director - PKIC
Mr. Tariq Mairaj	Nominee Director - MBL
Mr. Naeem Sattar	Nominee Director - PKIC
Mr. Feroz Rizvi	Independent Director
Ms. Danish Zuberi	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Tariq Mairaj	Member
Mr. Naeem Sattar	Member

RISK MANAGEMENT COMMITTEE

Mr. Mubashar Maqbool	Chairman
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Mubashar Maqbool	Member
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Allied Bank Limited - Islamic Banking	Dubai Islamic Bank Pakistan Limited
Askari Bank Limited - Islamic Banking	Faysal Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking	Habib Bank Limited -Islamic Banking
Bank Of Punjab – Islamic Banking	Meezan Bank Limited
Bank Alfalah Limited - Islamic Banking	UBL Ameen - Islamic Banking

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Rozana Amdani Fund (MRAF)

Type of Fund

Open end money market fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

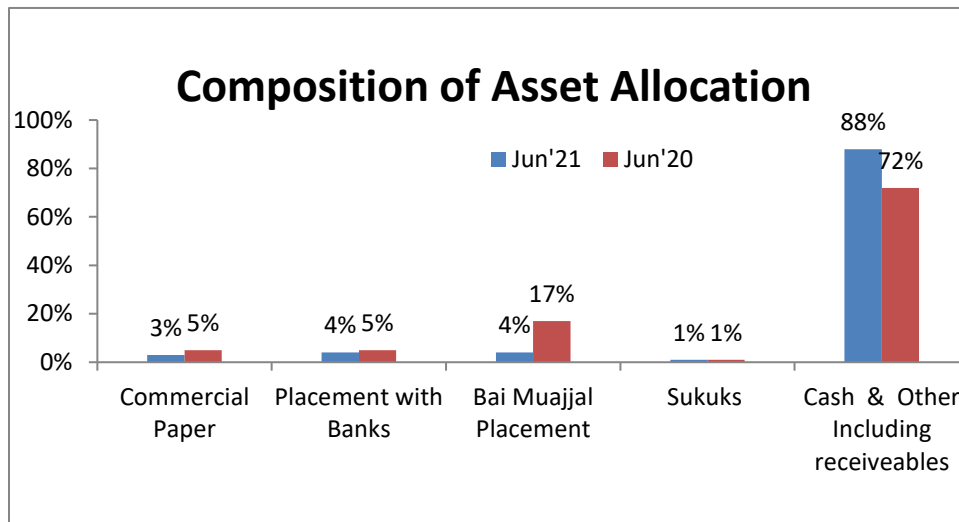
Objective

Its objective is to meet liquidity needs of investors by providing investors a daily pay out through investment in Shariah Compliant money market instruments.

Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term tenors. As per its investment policy, MRAF can invest or place funds in instruments/avenues with a credit rating of at least 'double A' (AA). Moreover, the investment policy limits interest rate risk by capping the maturity of instruments up to a maximum of six months, along with maximum portfolio weighted average time to maturity of three months.

Sector Allocation as on June 30th 2021



Performance Review

Meezan Rozana Amdani Fund (MRAF) provided a return of 6.61% to its investors for the year ended June 30, 2021 as compared to its benchmark return of 3.41%.



Pure. Profit.



	MRAF	Six Month deposits at Islamic Banks
Net Asset Value as on June 30, 2020	50.00	
Net Asset Value as on June 30, 2021	50.00	
Return During the Period - Net	6.61%	3.41%
Outperformance – Net	3.20%	

Benchmark: 3 Month average deposit rate of 3 AA rated Islamic Banks

The Fund earned a gross income of Rs. 3,232 million, which was primarily due to profit on bank deposits, placements and Sukuks amounting to Rs. 3,236 million. The fund also incurred expenses totalling to Rs. 307 million, which brought the net income figure to Rs. 2,925 million. The net assets of the Fund as at June 30, 2021 were Rs. 74,704 million as compared to Rs. 53,351 million at the end of last year depicting an increase of 40.02%. The net asset value per unit as at June 30, 2021 was Rs. 50 (Ex-dividend).

Distributions

The Total Pay-out by the Fund during the period ended June 30, 2021 was Rs. 3.2009 per unit (6.40%). Total distribution made by the fund was Rs. 2,925 million.

Fund Stability Rating

VIS Credit Rating Company has assigned Stability Rating of AA+ (f) to the Fund.

Breakdown of unit holdings by size

(As on June 30, 2021)

Range (Units)	No. of investors
1 - 9,999	711
10,000 - 49,999	1,705
50,000 - 99,999	558
100,000 - 499,999	779
500,000 and above	232
Total	3,985

PERFORMANCE TABLE

	2021	2020	2019
Net assets (Rs '000) (ex-distribution)	74,704,297	53,350,947	16,134,440
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	50.0000	50.0000	50.0000
Offer price per unit as at June 30 (Rs) (ex-distribution) *	50.0000	50.0000	50.0000
Distribution (%)	3.2009	5.5092	2.467
- Final distribution			
Income distribution (Rupees in '000)	2,925,426	3,537,655	455,648
Growth distribution (Rupees in '000)	-	-	-
Highest offer price per unit (Rs.)	50.0000	50.0000	50.0000
Lowest offer price per unit (Rs.)	50.0000	50.0000	50.0000
Highest redemption price per unit (Rs.)	50.0000	50.0000	50.0000
Lowest redemption price per unit (Rs.) *	50.0000	50.0000	50.0000
Total return (%)	6.61%	11.76%	9.97%
Weighted Average Portfolio Duration (years)	0.04	0.06	0.12
	One Year	Two Year	Three Year
Average annual return (%) as at June 30, 2021	6.61%	9.19%	9.45%

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up. e



Meezan Bank
The Premier Islamic Bank



Report of the *Shari'ah* Advisor – Meezan Rozana Amdani Fund

August 2, 2021/ Dhu Al-Hijjah 22, 1442

Alhamdulillah, the period from July 1, 2020 to June 30, 2021 was the Third year of operations of Meezan Rozana Amdani Fund (MRAF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

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

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

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MRAF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MRAF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MRAF for the year ended June 30, 2021 have been in compliance with *Shari'ah* principles.

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shariah Advisor

Meezan Bank Ltd.

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.
PABX: (92-21) 38103500 UAN:111-331-331 & 111-331-332 www.meezanbank.com

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ROZANA AMDANI FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Rozana Amdani Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 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 16, 2021



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Rozana Amdani Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Rozana Amdani Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, 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, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 5 and 6 to the financial statements)	
	<p>Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2021 amounted to Rs 17,726.099 million and balances with banks aggregated to Rs 56,743.167 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, 2021 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none">▪ Tested the design and operating effectiveness of the key controls for valuation of investments;▪ Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2021 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;▪ Ensured that the investments are carried as per the valuation methodology specified in the accounting policies; and▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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Other Information

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

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

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

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

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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


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

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

Report on Other Legal and Regulatory Requirements

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

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


Chartered Accountants
Karachi

Date: September 15, 2021



**MEEZAN ROZANA AMDANI FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021**

	Note	2021 (Rupees in '000)	2020
Assets			
Balances with banks	5	56,743,167	38,829,879
Investments	6	17,726,099	14,938,606
Receivable against conversion of units		436,029	95,551
Accrued profit	7	257,354	184,297
Deposits and prepayments	8	294	278
Preliminary expenses and floatation costs	9	500	699
Total assets		75,163,443	54,049,310
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	10	-	36,196
Payable to Central Depository Company of Pakistan Limited - Trustee	11	3,554	3,213
Payable to the Securities and Exchange Commission of Pakistan (SECP)	12	9,092	6,657
Payable against conversion and redemption of units		280,124	524,590
Dividend payable		-	13,279
Accrued expenses and other liabilities	13	166,376	114,428
Total liabilities		459,146	698,363
NET ASSETS		74,704,297	53,350,947
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		74,704,297	53,350,947
CONTINGENCIES AND COMMITMENTS	14		
NUMBER OF UNITS IN ISSUE		1,494,085,918	1,067,018,923
NET ASSET VALUE PER UNIT		50.0000	50.0000

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ROZANA AMDANI FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
Note	(Rupees in '000)	
Income		
Profit on commercial papers and sukuks	307,396	399,909
Profit on term deposit receipts	370,121	320,400
Profit on Bai muajjal	605,383	508,583
Profit on saving accounts with banks	1,952,953	2,621,517
Net realised (loss) / gain on sale of investments	(3,557)	352
Total income	<u>3,232,296</u>	<u>3,850,761</u>
Expenses		
Remuneration of AI Meezan Investment Management Limited - Management Company	10.1 90,384	86,836
Sindh Sales Tax on remuneration of the Management Company	10.2 11,750	11,289
Selling and marketing expenses	10.3 87,004	105,202
Allocated expenses	10.4 7,839	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1 29,548	21,634
Sindh Sales Tax on remuneration of the Trustee	11.2 3,841	2,813
Annual fees to the Securities and Exchange Commission of Pakistan	12 9,092	6,657
Auditors' remuneration	15 457	438
Amortisation of preliminary expenses and floatation costs	9 199	200
Fees and subscription	1,304	1,876
Legal and professional charges	22	-
Brokerage expense	884	2,186
Bank and settlement charges	4,843	1,778
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1 59,703	72,197
Total expenses	<u>306,870</u>	<u>313,106</u>
Net income for the year before taxation	<u>2,925,426</u>	<u>3,537,655</u>
Taxation	17 -	-
Net income for the year after taxation	<u>2,925,426</u>	<u>3,537,655</u>
Allocation of net income for the year		
Net income for the year after taxation	2,925,426	3,537,655
Income already paid on units redeemed	-	-
	<u>2,925,426</u>	<u>3,537,655</u>
Accounting income available for distribution		
- Relating to capital gains	-	352
- Excluding capital gains	2,925,426	3,537,303
	<u>2,925,426</u>	<u>3,537,655</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ROZANA AMDANI FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**



Meezan
Rozana Amdani Fund

	2021	2020
	(Rupees in '000)	
Net income for the year after taxation	2,925,426	3,537,655
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>2,925,426</u>	<u>3,537,655</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ROZANA AMDANI FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	2021			2020		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	53,350,947	-	53,350,947	16,134,440	-	16,134,440
Issuance of 2,530,147,897 (2020: 2,555,661,207) units						
- Capital value (at par value per unit at the beginning of the year)	126,507,395	-	126,507,395	127,783,060	-	127,783,060
- Element of income / (loss)	-	-	-	-	-	-
Total proceeds on issuance of units	126,507,395	-	126,507,395	127,783,060	-	127,783,060
Redemption of 2,103,080,902 (2020: 1,811,331,075) units						
- Capital value (at par value per unit at the beginning of the year)	105,154,045	-	105,154,045	90,566,553	-	90,566,553
- Element of (income) / loss	-	-	-	-	-	-
Total payments on redemption of units	105,154,045	-	105,154,045	90,566,553	-	90,566,553
Total comprehensive income for the year	-	2,925,426	2,925,426	-	3,537,655	3,537,655
Distribution during the year *	-	(2,925,426)	(2,925,426)	-	(3,537,655)	(3,537,655)
Net income for the year less distribution	-	-	-	-	-	-
Net assets at the end of the year	74,704,297	-	74,704,297	53,350,947	-	53,350,947
Undistributed income brought forward						
- Realised income	-	-	-	-	-	-
- Unrealised income	-	-	-	-	-	-
Accounting income available for distribution						
- Relating to capital gains	-	-	-	352	-	-
- Excluding capital gains	2,925,426	-	2,925,426	3,537,303	-	3,537,655
Distribution during the year: Rs. 3.2009 per unit i.e. 6.4% of the par value of Rs. 50/- each (2020: Rs. 5.5092 per unit i.e. 11.02%)	(2,925,426)	-	(2,925,426)	(3,537,655)	-	(3,537,655)
Undistributed income carried forward	-	-	-	-	-	-
Undistributed income carried forward						
- Realised income	-	-	-	-	-	-
- Unrealised income	-	-	-	-	-	-
	(Rupees)		(Rupees)			
Net assets value per unit at the beginning of the year	50.0000		50.0000	50.0000		50.0000
Net assets value per unit at the end of the year	50.0000		50.0000	50.0000		50.0000

* Meezan Rozana Amdani Fund is required to distribute dividend on a daily basis on each business day. The cumulative distribution per unit for the year ended June 30, 2021 amounted to Rs.3.2009 (2020: Rs. 5.5092) per unit.

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ROZANA AMDANI FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**



Note	2021	2020
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	2,925,426	3,537,655
Adjustment for non-cash items:		
Amortisation of preliminary expenses and floatation costs	199	200
Decrease / (increase) in assets		
Investments - net	6,566,069	(8,712,767)
Accrued profit	(73,057)	(23,602)
Deposits and prepayments	(16)	(12)
	6,492,996	(8,736,381)
Increase / (decrease) in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	(36,196)	26,836
Payable to Central Depository Company of Pakistan Limited - Trustee	341	2,040
Payable to the Securities and Exchange Commission of Pakistan	2,435	3,239
Accrued expenses and other liabilities	51,948	99,644
	18,528	131,759
Net cash generated from / (used in) operating activities	9,437,149	(5,066,767)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	126,166,917	127,761,714
Payments against redemption and conversion of units	(105,398,511)	(90,138,572)
Dividend paid	(2,938,705)	(3,533,709)
Net cash generated from financing activities	17,829,701	34,089,433
Net increase in cash and cash equivalents	27,266,850	29,022,666
Cash and cash equivalents at the beginning of the year	41,346,317	12,323,651
Cash and cash equivalents at the end of the year	19 <u>68,613,167</u>	<u>41,346,317</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

MEEZAN ROZANA AMDANI FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Rozana Amdani Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on October 29, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The investment objective of the Fund is to meet liquidity needs of investors by providing investors a daily payout through investment in Shariah Compliant money market instruments. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah Compliant Money Market Scheme and has the following specific features:
- (a) Dividend will be distributed to the entitled unit holders on a daily basis (i.e. each business day).
 - (b) Daily dividend received by the unit holder shall be reinvested.
- By distributing dividend on a daily basis, the Management Company is required to ensure that total distribution in an accounting period accumulates to an amount that is required under the tax laws and other regulations in force.
- 1.4** Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5** The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2020 (2020: AM1 dated December 31, 2019) and by PACRA dated June 23, 2021 (2020: AM1 dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of AA+(f) by VIS Credit Rating Company Limited dated January 12, 2021.
- 1.6** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.7** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company has submitted Collective Investment Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020) to fulfill the requirement for registration of Trust Deed under Sindh Trusts Act, 2020.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

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

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

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments 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 judgments 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 & future years if revision affects both current & future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.4 and 6) and provision for taxation (note 4.14 and 17).

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

4.4 Financial assets

4.4.1 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.

4.4.2 Classification and subsequent measurement

a) Debt instruments

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

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

b) Impairment

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

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

c) Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

4.4.3 Regular way contracts

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

4.4.4 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.

4.5 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.

4.6 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.

4.7 Provisions

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

4.8 Net asset value per unit

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

4.9 Issue and redemption of units

Units of the scheme shall be allocated on the basis of Purchase (Offer) Price applicable on the date of realisation of subscription money into the bank account of the scheme.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption application during business hours. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.10 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. As more fully explained in note 1.3 to the financial statements, the Fund is required to make distribution on

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

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

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

4.12 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits and term deposit receipts is recognised on time proportion basis using the effective yield method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Income on sukuk certificates, placements and commercial papers is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- Income on bai muajjal is recognised on time proportion basis, the difference between the sale and the credit price is recognised over the credit period.

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 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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

4.15 Earnings / (loss) per unit

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

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

4.16 Foreign currency translation

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

5	BALANCES WITH BANKS	Note	2021 (Rupees in '000)	2020
	Balances with banks in:			
	Savings accounts	5.1	56,743,123	38,829,845
	Current account		44	34
			<u>56,743,167</u>	<u>38,829,879</u>

5.1 These includes a balance of Rs. 72.245 million (2020: Rs. 175.445 million) maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.5% (2020: 3%) per annum. Other profit and loss sharing accounts of the Fund have expected profit rates ranging from 2.05% to 7.60% per annum (2020: 1.50% to 14.25% per annum).

6	INVESTMENTS	Note	2021 (Rupees in '000)	2020
	At fair value through profit or loss			
	Corporate sukuks	6.1	675,000	675,000
	Commercial papers	6.2	2,281,052	2,466,695
	Term deposit receipts - having original maturity of 3 months or less	6.3	11,870,000	2,516,438
	Bai Muajjal receivable	6.4	2,900,047	9,280,473
			<u>17,726,099</u>	<u>14,938,606</u>

6.1 Corporate sukuk

Name of the security	Maturity date	Profit rate	As at July 1, 2020	Purchases during the year	Sales / redemptions during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution)	Percentage in relation	
			-----Certificates-----			----- (Rupees in '000) -----		Net assets of the Fund		Total market value of investments	----- % -----
The Hub Power Company Limited II (AA+, PACRA) (note 6.1.1)	November 19, 2020	3 months Kibor plus base rate of 1.50%	6,750	-	6,750	-	-	-	-	-	-
The Hub Power Company Limited IV (A1+, PACRA) (note 6.1.1)	May 17, 2021	3 months Kibor plus base rate of 1.50%	-	6,750	6,750	-	-	-	-	-	-
Kot Addu Power Company Limited (A1+, VIS) (note 6.1.1)	June 08, 2021	3 months Kibor plus base rate of 0.7%	-	7,500	7,500	-	-	-	-	-	-
The Hub Power Company Limited IV (A1+, PACRA) (note 6.1.1)	November 05, 2021	3 months Kibor plus base rate of 1.10%	-	6,750	-	6,750	675,000	675,000	-	0.90%	3.81%
Total as at June 30, 2021							<u>675,000</u>	<u>675,000</u>		<u>0.90%</u>	<u>3.81%</u>
Total as at June 30, 2020							<u>675,000</u>	<u>675,000</u>		<u>1.27%</u>	<u>4.52%</u>

6.1.1 The nominal value of these sukuk certificates is Rs 100,000 each.

6.2 Commercial Papers

Name of the security	Maturity date	Profit rate	As at July 1, 2020	Purchases during the year	Sales / redemptions / maturity during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution)	As a percentage of net assets of the Fund	As a percentage of total market value of investments
			-----Certificates-----			----- (Rupees in '000) -----		----- % -----			
K-Electric Limited CP-5 Sukuk (note 6.2.1)	August 14, 2020	6 months Kibor plus base rate of 1.15%	600	-	600	-	-	-	-	-	-
K-Electric Limited CP-6 Sukuk (note 6.2.1)	August 26, 2020	6 months Kibor plus base rate of 1.15%	600	-	600	-	-	-	-	-	-
K-Electric Limited CP-7 Sukuk (note 6.2.1)	September 10, 2020	6 months Kibor plus base rate of 1.15%	800	-	800	-	-	-	-	-	-
K-Electric Limited CP-8 Sukuk (note 6.2.1)	October 06, 2020	6 months Kibor plus base rate of 1.15%	525	-	525	-	-	-	-	-	-
K-Electric Limited CP-9 Sukuk (note 6.2.1)	February 12, 2020	6 months Kibor plus base rate of 1.00%	-	675	675	-	-	-	-	-	-
K-Electric Limited CP-10 Sukuk (note 6.2.1)	February 26, 2020	6 months Kibor plus base rate of 0.95%	-	675	675	-	-	-	-	-	-
K-Electric Limited CP-11 Sukuk (note 6.2.1)	March 09, 2021	6 months Kibor plus base rate of 0.95%	-	480	480	-	-	-	-	-	-
K-Electric Limited CP-12 Sukuk (note 6.2.1)	March 24, 2021	6 months Kibor plus base rate of 0.75%	-	960	960	-	-	-	-	-	-
K-Electric Limited CP-13 Sukuk (note 6.2.1)	April 20, 2021	6 months Kibor plus base rate of 0.50%	-	410	410	-	-	-	-	-	-
K-Electric Limited CP-15 Sukuk (note 6.2.1)	September 02, 2021	6 months Kibor plus base rate of 0.60%	-	675	-	675	665,772	665,772	-	0.89%	3.76%
K-Electric Limited CP-16 Sukuk (note 6.2.1)	September 16, 2021	6 months Kibor plus base rate of 0.60%	-	525	-	525	515,993	515,993	-	0.69%	2.91%

Name of the security	Maturity date	Profit rate	As at July 1, 2020	Purchases during the year	Sales / redemptions / maturity during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution)	As a percentage of net assets of the Fund	As a percentage of total market value of investments
			-----Certificates-----			----- (Rupees in '000) -----			----- % -----		
K-Electric Limited CP-17 Sukuk (note 6.2.1)	October 06, 2021	6 months Kibor plus base rate of 0.55%	-	525	-	525	513,729	513,729	-	0.69%	2.90%
K-Electric Limited CP-18 Sukuk (note 6.2.1)	October 19, 2021	6 months Kibor plus base rate of 0.55%	-	600	-	600	585,558	585,558	-	0.78%	3.30%
Total as at June 30, 2021							<u>2,281,052</u>	<u>2,281,052</u>		<u>3.05%</u>	<u>12.87%</u>
Total as at June 30, 2020							<u>2,466,695</u>	<u>2,466,695</u>		<u>4.62%</u>	<u>16.51%</u>

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

6.2.2 The securities are valued on the basis of amortisation to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

6.3 Term deposit receipts

Name of the bank	Maturity date	Profit rate	As at July 1, 2020	Placed during the year	Matured during the year	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised gain / (loss) as at June 30, 2021	As a percentage of net assets of the Fund	Percentage of total market value of investments
		%	----- (Rupees in '000) -----						%	

Having original maturity of 3 months or less

United Bank Limited - Ameen	July 2, 2020	7.35%	2,516,438	-	2,516,438	-	-	-	-	-
United Bank Limited - Ameen	August 3, 2020	6.45%	-	2,532,147	2,532,147	-	-	-	-	-
United Bank Limited - Ameen	September 3, 2020	6.45%	-	2,546,466	2,546,466	-	-	-	-	-
United Bank Limited - Ameen	October 5, 2020	6.50%	-	2,560,423	2,560,423	-	-	-	-	-
United Bank Limited - Ameen	October 5, 2020	6.50%	-	700,000	700,000	-	-	-	-	-
United Bank Limited - Ameen	November 5, 2020	6.50%	-	3,278,878	3,278,878	-	-	-	-	-
United Bank Limited - Ameen	December 7, 2020	6.50%	-	3,296,979	3,296,979	-	-	-	-	-
United Bank Limited - Ameen	January 7, 2021	6.85%	-	4,041,056	4,041,056	-	-	-	-	-
Meezan Bank Limited (related party)	February 1, 2021	7.20%	-	1,400,000	1,400,000	-	-	-	-	-
Meezan Bank Limited (related party)	February 1, 2021	7.20%	-	1,000,000	1,000,000	-	-	-	-	-
United Bank Limited - Ameen	January 29, 2021	6.75%	-	4,000,000	4,000,000	-	-	-	-	-
United Bank Limited - Ameen	February 8, 2021	6.75%	-	3,775,000	3,775,000	-	-	-	-	-
United Bank Limited - Ameen	March 1, 2021	6.75%	-	75,000	75,000	-	-	-	-	-
United Bank Limited - Ameen	March 8, 2021	6.75%	-	3,775,000	3,775,000	-	-	-	-	-
United Bank Limited - Ameen	April 8, 2021	6.90%	-	3,800,000	3,800,000	-	-	-	-	-
Askari Bank Limited	April 9, 2021	6.85%	-	2,500,000	2,500,000	-	-	-	-	-
United Bank Limited - Ameen	April 30, 2021	6.90%	-	500,000	500,000	-	-	-	-	-
United Bank Limited - Ameen	May 17, 2021	6.85%	-	3,800,000	3,800,000	-	-	-	-	-
Askari Bank Limited	May 17, 2021	6.85%	-	2,570,310	2,570,310	-	-	-	-	-
United Bank Limited - Ameen	May 31, 2021	6.85%	-	500,000	500,000	-	-	-	-	-
United Bank Limited - Ameen	May 31, 2021	6.85%	-	3,800,000	3,800,000	-	-	-	-	-
Askari Bank Limited	June 1, 2021	6.85%	-	2,570,000	2,570,000	-	-	-	-	-
United Bank Limited - Ameen	July 5, 2021	7.00%	-	4,300,000	-	4,300,000	4,300,000	-	5.76%	24.26%
Meezan Bank Limited (related party)	August 2, 2021	7.10%	-	2,800,000	-	2,800,000	2,800,000	-	3.75%	15.80%
Meezan Bank Limited (related party)	August 2, 2021	7.10%	-	750,000	-	750,000	750,000	-	1.00%	4.23%
Meezan Bank Limited (related party)	August 2, 2021	7.10%	-	500,000	-	500,000	500,000	-	0.67%	2.82%
Meezan Bank Limited (related party)	August 2, 2021	7.10%	-	950,000	-	950,000	950,000	-	1.27%	5.36%
Askari Bank Limited	September 1, 2021	7.15%	-	2,570,000	-	2,570,000	2,570,000	-	3.44%	14.50%
As at June 30, 2021				<u>64,891,259</u>	<u>55,537,697</u>	<u>11,870,000</u>	<u>11,870,000</u>	<u>-</u>	<u>15.89%</u>	<u>66.97%</u>
As at June 30, 2020				<u>11,716,438</u>	<u>13,850,000</u>	<u>2,516,438</u>	<u>2,516,438</u>			

6.4 Bai Muajjal receivable

Name of the counterparty	Maturity date	Profit rate	Total transaction price	Total deferred income	Accrued profit for the year	Carrying value as at June 30, 2021	As a percentage of net assets of the Fund	Percentage of total market value of investments
			------(Rupees in '000)-----				%	
Pak Kuwait Investment Company Limited (AAA, PACRA)	July 22, 2020	12.70%	977,878	61,925	7,145	-	-	-
United Bank Limited (AAA, VIS)	August 18, 2020	12.45%	395,339	24,542	6,473	-	-	-
United Bank Limited (AAA, VIS)	August 17, 2020	12.45%	987,969	61,333	15,839	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 9, 2020	7.85%	666,470	26,231	23,078	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 10, 2020	7.85%	242,893	9,560	8,463	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	July 23, 2020	12.70%	978,266	61,950	7,488	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	July 24, 2020	12.70%	543,153	34,396	4,347	-	-	-
Samba Bank Limited (AA, VIS)	November 13, 2020	7.00%	660,234	23,172	17,094	-	-	-
Samba Bank Limited (AA, VIS)	November 20, 2020	7.00%	661,888	23,230	18,035	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 11, 2020	7.85%	721,160	28,383	25,281	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 15, 2020	7.85%	436,230	17,169	15,668	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 16, 2020	7.85%	436,388	17,175	15,767	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 18, 2020	7.85%	436,646	17,185	15,965	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 22, 2020	7.85%	242,963	9,562	9,092	-	-	-
Samba Bank Limited (AA, VIS)	November 19, 2020	7.00%	661,440	23,341	17,886	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	January 22, 2021	6.15%	442,215	13,635	13,635	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	January 22, 2021	6.15%	292,941	8,983	8,983	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	January 25, 2021	6.15%	194,847	5,975	5,975	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	January 28, 2021	6.15%	442,991	13,734	13,734	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	January 29, 2021	6.15%	293,463	9,098	9,098	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	January 29, 2021	6.15%	225,594	6,956	6,956	-	-	-
Samba Bank Limited (AA, VIS)	February 10, 2021	6.75%	445,039	15,144	15,144	-	-	-
Samba Bank Limited (AA, VIS)	February 12, 2021	6.75%	445,343	15,154	15,154	-	-	-
Samba Bank Limited (AA, VIS)	February 12, 2021	6.75%	445,500	15,077	15,077	-	-	-
Samba Bank Limited (AA, VIS)	February 16, 2021	6.75%	446,130	15,098	15,098	-	-	-
Samba Bank Limited (AA, VIS)	February 18, 2021	6.75%	198,350	6,749	6,749	-	-	-
Pak China Investment Company Limited (AAA, VIS)	November 24, 2020	6.65%	447,244	7,497	7,497	-	-	-
Pak China Investment Company Limited (AAA, VIS)	December 10, 2020	6.65%	249,200	4,132	4,132	-	-	-
Pak China Investment Company Limited (AAA, VIS)	December 11, 2020	6.65%	249,264	4,133	4,133	-	-	-
Pak China Investment Company Limited (AAA, VIS)	December 14, 2020	6.65%	249,454	4,136	4,136	-	-	-
Pak China Investment Company Limited (AAA, VIS)	December 15, 2020	6.65%	249,518	4,137	4,137	-	-	-
Pak China Investment Company Limited (AAA, VIS)	December 16, 2020	6.65%	249,582	4,138	4,138	-	-	-
Pak China Investment Company Limited (AAA, VIS)	December 17, 2020	6.65%	249,645	4,139	4,139	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	February 4, 2021	6.93%	282,629	4,937	4,937	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	February 4, 2021	6.93%	256,583	4,433	4,433	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	February 8, 2021	6.93%	256,647	4,580	4,580	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	February 8, 2021	6.93%	282,700	5,045	5,045	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	February 9, 2021	6.93%	705,859	12,330	12,330	-	-	-
Samba Bank Limited (AA, VIS)	June 15, 2021	7.1%	393,200	10,555	10,555	-	-	-
Samba Bank Limited (AA, VIS)	June 15, 2021	7.1%	393,280	10,481	10,481	-	-	-
Samba Bank Limited (AA, VIS)	June 15, 2021	7.1%	393,520	10,257	10,257	-	-	-
Samba Bank Limited (AA, VIS)	June 15, 2021	7.1%	393,710	10,109	10,109	-	-	-
Samba Bank Limited (AA, VIS)	June 15, 2021	7.1%	385,554	8,325	8,325	-	-	-
Samba Bank Limited (AA, VIS)	June 15, 2021	7.1%	385,632	8,251	8,251	-	-	-
Samba Bank Limited (AA, VIS)	June 15, 2021	7.1%	385,710	8,178	8,178	-	-	-
Samba Bank Limited (AA, VIS)	June 15, 2021	7.1%	385,944	7,958	7,958	-	-	-
Samba Bank Limited (AA, VIS)	June 15, 2021	7.1%	386,100	7,811	7,811	-	-	-

Name of the counterparty	Maturity date	Profit rate	Total transaction price	Total deferred income	Accrued profit for the year	Carrying value as at June 30, 2021	As a percentage of net assets of the Fund	Percentage of total market value of investments
			------(Rupees in '000)-----					
Pak Oman Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	399,282	11,495	11,495	-	-	-
Pak Oman Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	392,400	11,220	11,220	-	-	-
Pak Oman Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	392,640	11,075	11,075	-	-	-
Pak Oman Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	196,360	5,500	5,500	-	-	-
Pak Oman Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	392,960	10,778	10,778	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	394,120	9,736	9,736	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	394,200	9,662	9,662	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	394,280	9,587	9,587	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	394,360	9,512	9,512	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	394,680	9,213	9,213	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	394,760	9,138	9,138	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	394,920	8,988	8,988	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	June 15, 2021	7.1%	246,900	5,571	5,571	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.6%	442,969	16,510	922	443,891	0.59%	2.50%
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.6%	280,520	10,455	584	281,104	0.38%	1.59%
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.6%	443,067	16,421	830	443,897	0.59%	2.50%
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.6%	280,584	10,399	526	281,110	0.38%	1.59%
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.6%	443,165	16,333	738	443,903	0.59%	2.50%
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.6%	280,647	10,343	467	281,114	0.38%	1.59%
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.6%	443,262	16,244	646	443,908	0.59%	2.50%
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.6%	280,711	10,287	409	281,120	0.38%	1.59%
Total as at June 30, 2021			27,829,092	938,786	605,383	2,900,047	3.88%	16.36%
Total as at June 30, 2020			9,488,070	439,152	231,555	9,280,473		

7 ACCRUED PROFIT

Note 2021 2020
(Rupees in '000)

Profit accrued on:

Bank balances	203,378	157,036
Term deposit receipts	44,753	19,635
Sukuk certificates	9,223	7,626
	<u>257,354</u>	<u>184,297</u>

8 DEPOSITS AND PREPAYMENTS

Security deposit with Central Depository Company of Pakistan Limited	100	100
Prepayments	194	178
	<u>294</u>	<u>278</u>

9 PRELIMINARY EXPENSES AND FLOTATION COSTS

At the beginning of the year	699	899
Less: amortisation during the year	(199)	(200)
At the end of the year	<u>500</u>	<u>699</u>

9.1 Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

10 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Note 2021 2020
(Rupees in '000)

Remuneration payable	10.1	-	1,440
Sindh Sales Tax payable on remuneration of the Management Company	10.2	-	187
Selling and marketing expenses payable	10.3	-	34,569
		<u>-</u>	<u>36,196</u>

- 10.1** As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit.

During the year, the Management Company has charged the remuneration at the following rate of net assets of the Fund.

From July 1, 2020 to May 7, 2021	From May 8, 2021 to May 31, 2021
0.2% of the average annual net assets	0.25% of the average annual net assets
From June 1, 2021 to June 24, 2021	June 25, 2021
0.2% of the average annual net assets	0.1% of the average annual net assets
From June 26, 2021 to June 30, 2021	
Nil	
From July 1, 2019 to July 21, 2019	From July 22, 2019 to June 30, 2020
5% of gross earnings*	2% of gross earnings*

*These were subject to minimum of 0.25% and maximum of 1% of average annual net assets of the Fund.

- 10.2** During the year, an amount of Rs. 11.750 million (2020: Rs. 11.289 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 11.937 million (2020: Rs. 12.179 million) has been paid to the Management Company which acts as a collecting agent.
- 10.3** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion has charged selling and marketing expenses at the following rates of the average annual net assets of the Fund during the year:

From July 1, 2020 to August 31, 2020	From September 1, 2020 to December 11, 2020	From December 12, 2020 to January 31, 2021
0.4% of the average annual net assets	0.3% of the average annual net assets	Nil
From February 1, 2021 to March 9, 2021	From March 10, 2021 to June 30, 2021	
0.2% of the average annual net assets	Nil	
From July 1, 2019 to July 21, 2019	From July 22, 2019 to June 21, 2020	From June 22, 2020 to June 30, 2020
Nil	0.34% of the average annual net assets	Nil

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

The Management Company based on its own discretion has charged following rate of the average annual net assets of the Fund for allocation of such expenses to the Fund, during the year:

From July 1, 2020 to May 7, 2021	From May 8, 2021 to May 31, 2021	From June 1, 2021 to June 30, 2021
Nil	0.25% of the average annual net assets	Nil
2020		
Nil		

11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2021	2020
			(Rupees in '000)	
	Trustee fee payable	11.1	3,145	2,843
	Sindh Sales Tax payable on trustee fee	11.2	409	370
			<u>3,554</u>	<u>3,213</u>

- 11.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed, at the rate of 0.065% (2020: 0.065%) per annum of net assets of the Fund.
- 11.2** During the year, an amount of Rs 3.841 million (2020: Rs. 2.813 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 3.802 million (2020: 2.578 million) was paid to the Trustee which acts as a collecting agent.

12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

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

Accordingly, the Fund has charged the SECP Fee at the rate of 0.02% (2020: 0.02%) of average annual net assets during the current year.

13 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2021	2020
(Rupees in '000)			
Auditors' remuneration payable		280	282
Brokerage payable		163	1,341
Shariah advisor fee payable		538	540
Withholding tax payable		21,675	29,570
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1	141,199	81,496
CDS charges payable		1,679	77
Other payable		310	367
Zakat payable		532	755
		<u>166,376</u>	<u>114,428</u>

- 13.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made 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 year ended June 30, 2021, the net asset value of the Fund and accordingly, dividend payout as at June 30, 2021 would have been higher by Re. 0.09 per unit (2020: Re. 0.08 per unit).

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

15 AUDITORS' REMUNERATION	2021	2020
(Rupees in '000)		
Statutory audit fee	304	297
Half yearly review fee	129	122
Out of pocket expenses	24	19
	<u>457</u>	<u>438</u>

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 0.68% (2020: 0.94%) which includes 0.19% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market scheme.

17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 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 Finance Act, 2015 is also not applicable on funds as per Section 4B of the Income Tax Ordinance, 2001.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and unit holders holding 10 percent or more of the Fund's net assets.

Transactions with connected persons / related parties 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 / related parties. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

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

Balances	2021	2020
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable to the Management Company	-	1,440
Sindh Sales Tax payable on remuneration of the Management Company	-	187
Selling and marketing expense payable	-	34,569
Investment of 19,269,396 units (2020: 33,990,446 units)	9,634,670	1,699,522
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to the Trustee	3,145	2,843
Sindh Sales Tax on remuneration of the Trustee	409	370
Security deposit	100	100
CDS charges payable	1,679	77
Meezan Bank Limited		
Balance with bank	72,245	175,445
Profit receivable on saving account	312	1,864
Term deposit receipt placed	5,000,000	-
Profit on term deposit receipt	4,085	-
Shariah advisor fee payable	538	540
Meezan Strategic Allocation Fund - MSAP - I		
Investment of 3,548,805 units (2020: Nil)	177,440	-
Meezan Strategic Allocation Fund - MSAP - II		
Investment of 2,266,119 units (2020: Nil)	113,306	-

Balances	2021	2020
	(Rupees in '000)	
Meezan Strategic Allocation Fund - MSAP - III Investment of 2,609,764 units (2020: Nil)	130,488	-
Meezan Strategic Allocation Fund - MSAP - IV Investment of 1,081,951 units (2020: Nil)	54,098	-
Meezan Strategic Allocation Fund - MSAP - V Investment of 302,398 units (2020: Nil)	15,120	-
Meezan Strategic Asset Allocation Fund - MCPP - III Investment of 4,314,182 units (2020: Nil)	215,709	-
Meezan Strategic Allocation Fund -II - MCPP - IV Investment of 8,383,770 units (2020: Nil)	419,189	-
Meezan Strategic Allocation Fund-II - MCPP - V Investment of 1,583,794 units (2020: Nil)	79,190	-
Meezan Strategic Allocation Fund II- MCPP - VI Investment of 1,863,801 units (2020: Nil)	93,190	-
Meezan Strategic Allocation Fund II- MCPP - VII Investment of 1,916,378 units (2020: Nil)	95,819	-
Meezan Strategic Allocation Fund II- MCPP - VIII Investment of 694,122 units (2020: Nil)	34,706	-
Meezan Strategic Allocation Fund III- MCPP - IX Investment of 1,096,628 units (2020: Nil)	54,831	-
AI Meezan Investment Management Limited - Employees' Gratuity Fund Investment of 426,440 units (2020: Nil)	21,322	-
Unitholders holding 10 percent or more of the Fund Investment of 161,063,788 units (2020: 228,629,749 units)	8,053,189	11,431,488
Directors and Executives of the Management Company Investment of 540,520 units (2020: 163,605 units)	27,026	8,180
Transactions during the year	2021	2020
	(Rupees in '000)	
AI Meezan Investment Management Limited - Management Company		
Remuneration of the Management Company	90,384	86,836
Sindh Sales Tax on remuneration of the Management Company	11,750	11,289
Selling and marketing expenses	87,004	105,202
Allocated expense	7,839	-
Units issued: 49,528,950 units (2020: 80,278,510 units)	2,476,448	4,013,926
Units redeemed: 64,250,000 units (2020: 62,917,906 units)	3,212,500	3,145,895
Dividend paid	111,167	148,289
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	29,548	21,634
Sindh Sales Tax on remuneration of the Trustee	3,841	2,813
CDS charges	4,122	1,101
Meezan Bank Limited		
Profit on savings account	6,198	50,139
Term deposit receipts placed	7,400,000	2,700,000
Term deposit receipts matured	2,400,000	4,200,000
Profit on term deposit receipts	19,511	132,910
Shariah advisory fee expense	1,078	1,078

Transactions during the year

	2021	2020
	(Rupees in '000)	
Meezan Strategic Allocation Fund - MSAP - I		
Units issued: 3,836,605 units (2020 : 25,261,350 units)	191,830	1,263,068
Units redeemed: 287,800 units (2020 : 26,747,836 units)	14,390	1,337,392
Dividend paid	584	38,296
Meezan Strategic Allocation Fund - MSAP - II		
Units issued: 2,374,119 units (2020 :4,787,998 units)	118,706	239,400
Units redeemed: 108,000 units (2020 :5,802,330 units)	5,400	290,117
Dividend paid	403	13,542
Meezan Strategic Allocation Fund - MSAP - III		
Units issued: 2,617,164 units (2020: 7,202,722 units)	130,858	360,136
Units redeemed: 7,400 units (2020: 8,425,122 units)	370	421,256
Dividend paid	390	21,485
Meezan Strategic Allocation Fund - MSAP - IV		
Units issued: 1,114,551 units (2020: 7,558,004 units)	55,728	377,900
Units redeemed: 32,600 units (2020: 8,936,456 units)	1,630	446,823
Dividend paid	211	22,651
Meezan Strategic Allocation Fund - MSAP - V		
Units issued: 313,398 units (2020: 2,309,749 units)	15,670	115,487
Units redeemed: 11,000 units (2020: 2,529,829 units)	550	126,491
Dividend paid	57	5,876
Meezan Strategic Asset Allocation Fund - MCPP - III		
Units issued: 5,469,268 units (2020: 42,294,146 units)	273,463	2,114,707
Units redeemed: 1,155,086 units (2020: 46,815,439 units)	57,754	2,340,772
Dividend paid	4,847	44,688
Meezan Strategic Allocation Fund II - MCPP - IV		
Units issued: 14,821,466 units (2020: 52,195,260 units)	741,073	2,609,763
Units redeemed: 6,437,696 units (2020: 58,276,999 units)	321,885	2,913,850
Dividend paid	10,353	81,101
Meezan Strategic Allocation Fund II - MCPP - V		
Units issued: 5,729,419 units (2020: 12,839,426 units)	286,471	641,971
Units redeemed: 4,145,625 units (2020: 14,839,998 units)	207,281	742,000
Dividend paid	5,724	21,695
Meezan Strategic Allocation Fund II - MCPP - VI		
Units issued: 2,624,277 units (2020: 8,127,302 units)	131,214	406,365
Units redeemed: 760,476 units (2020: 9,547,708 units)	38,024	477,385
Dividend paid	2,305	19,336
Meezan Strategic Allocation Fund II - MCPP - VII		
Units issued: 2,337,000 units (2020: 4,565,434 units)	116,850	228,272
Units redeemed: 420,622 units (2020: 5,325,651 units)	21,031	266,283
Dividend paid	2,064	10,928
Meezan Strategic Allocation Fund II - MCPP - VIII		
Units issued: 907,433 units (2020: 5,736,944 units)	45,372	286,847
Units redeemed: 213,311 units (2020: 6,197,076 units)	10,666	309,854
Dividend paid	757	6,581
Meezan Strategic Allocation Fund III - MCPP - IX		
Units issued: 1,469,861 units (2020: 4,800,693 units)	73,493	240,035
Units redeemed: 373,233 units (2020: 4,800,693 units)	18,662	240,035
Dividend paid	1,157	6,130

Transactions during the year

2021 **2020**
(Rupees in '000)

Al Meezan Investment Management Limited - Employees' Gratuity Fund

Units issued: 426,440 units (2020: nil)

Dividend paid

21,322	-
<u>1,122</u>	<u>-</u>

Directors and Executives of the Management Company

Units issued: 918,419 units (2019: 2,550,952 units)

Units redeemed: 541,504 units (2019: 259,773 units)

Dividend paid

45,921	15,635
<u>27,075</u>	<u>122,013</u>
<u>625</u>	<u>1,430</u>

19	CASH AND CASH EQUIVALENTS	Note	2021	2020
		(Rupees in '000)		
	Cash and bank balances	5	56,743,167	38,829,879
	Term deposit receipts (with original maturity of three months or less)	6.3	11,870,000	2,516,438
			<u>68,613,167</u>	<u>41,346,317</u>

20 FINANCIAL INSTRUMENTS BY CATEGORY

2021		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

Financial assets

Balances with banks	56,743,167	-	56,743,167
Investments	-	17,726,099	17,726,099
Receivable against conversion of units	436,029	-	436,029
Accrued profit	257,354	-	257,354
Deposits	100	-	100
	<u>57,436,650</u>	<u>17,726,099</u>	<u>75,162,749</u>

2021		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	3,554	3,554
Payable against conversion and redemption of units	-	280,124	280,124
Accrued expenses and other liabilities	-	2,970	2,970
	<u>-</u>	<u>286,648</u>	<u>286,648</u>

2020		
At amortised cost *	At fair value through profit or loss	Total
(Rupees in '000)		

Financial assets

Balances with banks	38,829,879	-	38,829,879
Investments	-	14,938,606	14,938,606
Receivable against conversion of units	95,551	-	95,551
Accrued profit	184,297	-	184,297
Deposits	100	-	100
	<u>39,109,827</u>	<u>14,938,606</u>	<u>54,048,433</u>

2020		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	36,196	36,196
Payable to Central Depository Company of Pakistan Limited - Trustee	-	3,213	3,213
Payable against conversion and redemption of units	-	524,590	524,590
Dividend payable	-	13,279	13,279
Accrued expenses and other liabilities	-	2,607	2,607
	-	<u>579,885</u>	<u>579,885</u>

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Risks managed and measured by the Fund are explained below:

21.1 Market risk

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

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

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

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on its balances held with banks and investments in corporate sukuks, commercial papers, term deposit receipts and Bai Muajjal. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund's profit rate risk arises from the balances in saving accounts and investment in corporate sukuks and term deposit receipts. At June 30, 2021, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 692.88 million (2020: Rs 420.21 million).

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in commercial papers and Bai Muajjal. At June 30, 2021, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 51.811 million (2020: Rs. 117.472 million)

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

----- 2021 -----						
Effective interest rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000 -----						
Financial assets						
Balances with banks	2.05% to 7.60%	56,743,123	-	-	44	56,743,167
Investments	7.00% to 8.75%	13,726,765	3,999,334	-	-	17,726,099
Receivable against conversion of units		-	-	-	436,029	436,029
Accrued profit		-	-	-	257,354	257,354
Deposits		-	-	-	100	100
		70,469,888	3,999,334	-	693,527	75,162,749
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	3,554	3,554
Payable against conversion and redemption of units		-	-	-	280,124	280,124
Accrued expenses and other liabilities		-	-	-	2,970	2,970
		-	-	-	286,648	286,648
On-balance sheet gap (a)		70,469,888	3,999,334	-	406,879	74,876,101
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		70,469,888	3,999,334	-		
Cumulative profit rate sensitivity gap		70,469,888	74,469,222	74,469,222		

----- 2020 -----						
Effective interest rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000 -----						
Financial assets						
Balances with banks	1.50% to 14.25%	38,829,845	-	-	34	38,829,879
Investments	6.50% to 13.64%	8,559,700	6,378,906	-	-	14,938,606
Receivable against conversion of units		-	-	-	95,551	95,551
Accrued profit		-	-	-	184,297	184,297
Deposits		-	-	-	100	100
		47,389,545	6,378,906	-	279,982	54,048,433
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	36,196	36,196
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	3,213	3,213
Dividend Payable		-	-	-	13,279	13,279
Payable against conversion and redemption of units		-	-	-	524,590	524,590
Accrued expenses and other liabilities		-	-	-	2,607	2,607
		-	-	-	579,885	579,885
On-balance sheet gap (a)		47,389,545	6,378,906	-	(299,903)	53,468,548
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		47,389,545	6,378,906	-		
Cumulative profit rate sensitivity gap		47,389,545	53,768,451	53,768,451		

(ii) Currency risk

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

(iii) Price risk

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

21.2 Liquidity risk

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

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

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

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year ended June 30, 2021.

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:

----- 2021 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

Financial assets

Balances with banks	56,743,167	-	-	-	-	-	56,743,167
Investments	-	13,726,765	3,999,334	-	-	-	17,726,099
Receivable against conversion of units	436,029	-	-	-	-	-	436,029
Profit accrued	248,131	9,223	-	-	-	-	257,354
Deposits	-	-	-	-	-	100	100
	57,427,327	13,735,988	3,999,334	-	-	100	75,162,749

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	3,554	-	-	-	-	-	3,554
Payable against conversion and redemption of units	280,124	-	-	-	-	-	280,124
Accrued expenses and other liabilities	2,152	818	-	-	-	-	2,970
	285,830	818	-	-	-	-	286,648

Net assets / (liabilities)

	57,141,497	13,735,170	3,999,334	-	-	100	74,876,101
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2020						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
-----Rupees in '000-----						
Balances with banks	38,829,879	-	-	-	-	38,829,879
Investments	-	8,559,700	6,378,906	-	-	14,938,606
Receivable against conversion of units	95,551	-	-	-	-	95,551
Accrued profit	176,671	7,626	-	-	-	184,297
Deposits	-	-	-	-	100	100
	39,102,101	8,567,326	6,378,906	-	-	54,048,433
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	36,196	-	-	-	-	36,196
Payable to Central Depository Company of Pakistan Limited - Trustee	3,213	-	-	-	-	3,213
Payable against conversion and redemption of units	524,590	-	-	-	-	524,590
Dividend payable	13,279	-	-	-	-	13,279
Accrued expenses and other liabilities	1,785	822	-	-	-	2,607
	579,063	822	-	-	-	579,885
Net assets / (liabilities)	38,523,038	8,566,504	6,378,906	-	-	53,468,548

21.3 Credit risk

21.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks, receivable against conversion of units and credit exposure arising as a result of receivable against sale of investments. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by the Trustee of the Fund minimises the credit risk. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

	2021		2020	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	-----Rupees In '000-----		-----Rupees In '000-----	
Balances with banks	56,743,167	56,743,167	38,829,879	38,829,879
Investments	17,726,099	17,726,099	14,938,606	14,938,606
Receivable against conversion of units	436,029	436,029	95,551	95,551
Accrued profit	257,354	257,354	184,297	184,297
Deposits	100	100	100	100
	<u>75,162,749</u>	<u>75,162,749</u>	<u>54,048,433</u>	<u>54,048,433</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 is the carrying amount of the financial assets.

21.3.2 Credit quality of financial assets

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

Rating	% of financial assets	
	2021	2020
AAA	96.43%	81.20%
AA	3.57%	18.35%
AA+	-	0.45%
	<u>100.00%</u>	<u>100.00%</u>

Ratings of corporate sukus have been disclosed in related notes to the financial statements.

21.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties thereby any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2021 are unsecured and are not impaired.

22 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2021, the Fund held the following financial instruments measured at fair values:

	2021		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Corporate sukus *	-	675,000	-
Commercial papers **	-	2,281,052	-
Term deposit receipts - having original maturity of 3 months or less *	-	11,870,000	-
Bai Muajjal receivable **	-	2,900,047	-
	-	<u>17,726,099</u>	-

2020		
Level 1	Level 2	Level 3
Rupees in '000		
Financial assets - at fair value through profit or loss		
Corporate sukuks *	675,000	-
Commercial papers **	2,466,695	-
Term deposit receipts - having original maturity of 3 months or less *	2,516,438	-
Bai Muajjal receivable **	9,280,473	-
	14,938,606	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers and Bai Muajjal receivable have been carried out based on amortisation to their face values / sale price as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and they are placed with counterparties which have high credit ratings.

23 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirements of minimum fund size at

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

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

24 UNIT HOLDING PATTERN OF THE FUND

Category	2021			2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	3,678	17,162,643	22.97	2,820	9,360,957	17.55
Associated Companies /						
Directors	15	2,476,683	3.32	2	1,706,861	3.20
Insurance Companies	2	20,909	0.03	2	19,797	0.04
Banks and DFIs	2	451,745	0.60	1	579,704	1.09
Retirement Funds	62	1,733,128	2.32	45	850,631	1.59
Private Limited Companies	176	45,594,133	61.03	80	32,373,233	60.67
Others	50	7,265,056	9.73	82	8,459,764	15.86
	3,985	74,704,297	100.00	3,032	53,350,947	100.00

25 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2021	2020
	Percentage of commission paid	
Paramount Capital (Private) Limited	26%	60%
JS Global Capital Limited	8%	-
Invest one markets (Private) Limited	66%	40%
	100%	100%

- 25.1** The Fund has traded with only the above mentioned 3 brokers / dealers during the year ended June 30, 2021 (2020: 2 brokers / dealers).

26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Experience in years
Mr. Mohammad Shoab	Chief Executive Officer	CFA / MBA	Thirty one years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty five years
Mr. Taha Javed	Head of Equity	CFA / MBA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fourteen years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Eleven years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fourteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Twelve years
Mr. Ali Asghar	Head of Research	CFA / MBA (in progress)	Ten years

The Fund Manager of the Fund is Mr. Faizan Saleem, Other Funds being managed by the Fund Manager are as follows:

- Meezan Islamic Income Fund
- Meezan Sovereign Fund
- Meezan Cash Fund

27 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					
		August 13, 2020	September 17, 2020	October 21, 2020	February 15, 2021	April 12, 2021	June 21, 2021
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoab, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	No	-	-	-
Mr. Moin M. Fudda (Appointed in place of Mr Ijaz Farooq as nominee director of Meezan Bank Limited)*	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaikat Khan (Kamila)	Director	Yes	Yes	Yes	-	-	-
Mr. Furqan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	-	-	-
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	-	-	-
Mr. Mubashar Maqbool (Appointed in place of Syed Amir Ali Zaidi)*	Director	-	-	-	Yes	Yes	Yes
Mr. Tariq Mairaj (Appointed in place of Mr. Arshad Majeed)*	Director	-	-	-	Yes	Yes	Yes
Mr. Feroz Rizvi (Appointed in place of Mr. Moin M Fudda who continued as nominee director of MBL)*	Director	-	-	-	Yes	Yes	Yes
Ms. Danish Zuberi (Appointed in place of Ms. Saima Shaikat Khan)*	Director	-	-	-	Yes	Yes	Yes

* The effective date of start of tenure of new board, after re-election is December 31, 2020

28 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.

29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on Aug 9, 2021 and further amended on Sep 14, 2021 to incorporate the subsequent event as disclosed in note 30.3 of the financial statements.

30 GENERAL

30.1 COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided certain time bound relaxations to CISs operating in Pakistan in order to provide temporary relaxation against covid pandemic. All of the relaxations provided have expired prior to June 30, 2021.

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

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

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

30.3 Subsequent events

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP. All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been incorporated in the financial statements of the Fund for the year ended June 30, 2021, the net asset value of the Fund and accordingly, dividend payout as at June 30, 2021 would have been higher by Re. 0.09 per unit (2020: Re. 0.08 per unit).

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

Chief Executive

Chief Financial Officer

Director