



# GIPS PERFORMANCE PRESENTATION

**December 31, 2022**

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# Al Meezan Investment Management Limited

## Al Meezan Investment Management Limited

### GIPS Compliant Presentation

#### Equity Composite

For the Period from July 1, 2008 to December 31, 2022

Composite Name: Al-Meezan Equity Composite							Creation Date : 30 June 2008		
Benchmark: KMI30 Index			Currency : Pak Rupees						
Period	Composite Return (TWR)	Benchmark Return	3-Year Std Deviation		No. of Portfolios	Internal Dispersion (%)	Total Firm Assets (Mn)	Composite Assets (Mn)	% of Firm Assets
			Composite - STDEV	Benchmark - STDEV					
2QFY23	-1.99%	-0.71%	25.11%	26.18%	6	4.05	284,907	37,211	13.1%
FY22	-12.43%	-10.25%	27.70%	28.23%	7	4.62	185,494	41,787	27.0%
FY21	34.13%	39.32%	28.90%	30.13%	8	8.01	202,601	54,964	27.1%
FY20	3.71%	0.09%	28.34%	29.26%	6	4.79	161,273	38,781	24.0%
FY19	-24.68%	-23.84%	18.26%	20.15%	6	7.91	81,980	40,595	49.5%
FY18	-16.62%	-9.59%	17.71%	18.86%	6	8.19	100,620	57,695	57.3%
FY17	23.16%	18.80%	17.83%	18.24%	6	5.98	117,747	75,398	64.0%
FY16	17.00%	15.53%	16.93%	16.63%	5	4.84	77,288	47,153	61.0%
FY15	23.04%	20.10%	16.77%	16.29%	5	5.72	65,635	38,366	58.5%
FY14	29.33%	29.89%	14.99%	16.91%	5	1.99	57,726	24,249	42.0%
FY13	51.57%	54.41%	15.26%	17.22%	5	9.67	47,904	14,867	31.0%
FY12	18.14%	13.57%	16.37%	18.44%	5	8.38	40,514	9,277	22.9%
FY11	39.82%	43.66%	33.53%	33.45%	5	5.32	31,264	7,736	24.7%
FY10	33.01%	36.87%	34.66%	34.50%	5	7.35	18,066	6,390	35.4%
FY09	-29.91%	-35.44%			5		12,438	5,709	45.9%



## **Compliance Statement**

Al Meezan Investment Management Ltd (Al Meezan) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared this report in compliance with the GIPS standards. Al Meezan has been independently verified by KPMG Taseer Hadi & Co for the periods July 2012 to June 2015. The verification report will be available on request. Verification assesses whether

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm -wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

## **Definition of the Firm**

Al Meezan Investment Management Ltd is a joint venture of Meezan Bank (MBL) and Pak Kuwait Investment Company (PKIC), licensed to undertake asset management and investment advisory services by the Security & Exchange Commission of Pakistan (SECP). The Firm includes all funds under management; and all fee paying and non-fee paying discretionary and non-discretionary portfolios.

## **Policies**

Al Meezan's policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

## **Composite Description**

Equity Composite includes the Equity Mutual Funds that aim to provide investors with maximum total return from investment in "Shariah Compliant" investments for the given level of risk. A list of all portfolios in the Composite will be available upon request.

## **Benchmark**

The Benchmark for this Composite is KSE Meezan 30 Index (KMI-30). The KMI-30 replaced Dow Jones-JS Pakistan Islamic Index (DJIIMPK) as the Fund's benchmark from July 01, 2009 onwards, for those mutual funds which used the DJIIMPK benchmark.

## **List of Composites**

A list of all composite description is available upon request.

## **Significant Events**

1. On August 5, 2011, one of the portfolios, Al Meezan Mutual Fund, was converted from close-end fund to open-end mutual fund.

2. Effective from 01 July 2011, through Sindh Sales Tax on Services Act 2011, general sales tax on fund management services has been imposed at the rate 16% effective July 1, 2011. Management fee charged during the period includes general sales tax.

## **Fees**

All returns in this presentation are net of all expenses, which include the management fee and trading expenses.

## **Fee Schedule**

Management fee of individual portfolios within the Al Meezan Equity Composite are given below:

	Management Fee	Actual Rate of Management Fee
Al Meezan Mutual Fund	2.00%	2.00%
Meezan Islamic Fund	2.00%	2.00%
Meezan Energy Fund	Up to 3.00%	2.00%
Meezan Dedicated Equity Fund	Up to 3.00%	2.00%
Meezan Tahaffuz Pension Fund – Equity sub Fund	Up to 3.00%	1.50%
Separately Managed Accounts	Different Fees	

*There is currently no Back-end load,*

*Except: AMMF: Back end load for Class C units and Contingent load on Class D units.*

*MDEF: Contingent load for Class B units.*

## **Ex Post Standard Deviation**

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 months.

## **Provision for SWWF**

Provision for Sindh Workers' Welfare Fund (SWWF) liability has been made by the respective funds. Details appear below:

Portfolio	Provision for SWWF (Rs. In million)
MIF	532.12
AMMF	78.53
MEF	2.71
MDEF	5.20
MTPF-Equity Sub Fund	72.67

Up to August 12, 2021

The Status of the WWF and initial chargeability of SWWF is same as disclosed in the renewed financial statements for the period ended December 31, 2016.

**SWWF Disclosure:** During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MIF amounting to Rs. 532.12 million, AMMF amounting to Rs. 78.53 million, MEF amounting to Rs. 2.71 million, MDEF amounting to Rs. 5.20 million, MTPF-Equity amounting to Rs. 72.67 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the MIF by 1.57%, AMMF by 1.65%, MEF by 0.51%, MDEF by 0.53%, MTPF-Equity by 1.34%. This is one-off event and is not likely to be repeated in the future.

### **Minimum Portfolio Size**

The minimum portfolio size for inclusion in the composite is Rs 100 Million per Fund, which is also a regulatory requirement for starting and managing a Fund.

The minimum portfolio size for separately managed account (SMA) inclusion in the composite is Rs 25 Million per Fund.

### **Currency**

The currency used to calculate all the returns is Pakistani Rupee (PKR).

### **Internal Dispersion**

Internal dispersion is calculated using the equal-weighted standard deviation of annual net returns of those portfolios that were included in the composite for the entire year.

### **Returns**

The portfolio returns for the period have been calculated using a time-weighted monthly, geometrically linked rate of return (TWR) formula to compute percentage returns. Each portfolio's monthly rate of return is the monthly percentage change in the market value, including earned interest and dividends, after allowing for the effects of cash flows. All returns are net-of-fees calculated after the deduction of actual investment management fees and trading expenses.

### **Key Assumptions**

Following are the key assumptions used in portfolio valuation:



## **Financial instruments**

All the financial assets and liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and liabilities is taken to the income statement in the period in which it arises.

## **Revenue recognition**

Capital gains on sale of a security are accounted for in the period in which they arise. Dividend income is recognized when the right to receive them is established. Income on bank deposits is recognized on accrual basis.

## **Subjective Unobservable Inputs**

Al Meezan uses subjective unobservable inputs for valuing some of its debt instruments i.e., Sukuks and Term Finance Certificates. The criteria used for valuation is in accordance with the Guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and unobservable inputs are disclosed through "Provisioning Policy" on the website of the company. The Provisioning Policy will also be made available to clients upon request.

## **Propriety assets in the Composite**

The composite contains investment of Al Meezan, its Management and that of discretionary portfolios.

## **Liability for Income Tax**

Under the Income Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. The Funds in the Composite are regarded as a public company liable to a tax rate applicable to a public company. The tax is chargeable at the rate applicable to a public company, which is presently as under;

1. Dividend income is taxable at applicable tax rate as provided in Income Tax ordinance, 2001 for public companies on gross income basis
2. Capital Gains Tax arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the as applicable according to the relevant law
3. Return from all other sources / instruments are taxable at the rate applicable to a public company.

## **Liability for Income Tax, if ninety percent (90%) of the Fund is paid as cash dividends**

Notwithstanding the tax rate as per applicable Tax Laws of Pakistan, income from the Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains is distributed amongst the Unit Holders as cash dividend.

This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014 for the purpose of determining distribution through bonus shares, units, certificates, as the case may be, shall not be taken into account.

## **Withholding Tax**

Under the provision of Clouse 47(B) of part (IV) of second schedule of the income Tax Ordinance 2001, the income from dividend from (Shariah compliant term finance certificates, Sukuks, return on (Riba free) deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

## **Taxation of Unit Holders & Liability of Zakat**

### a) Withholding tax

Unless exempt from such taxation by applicable law or at a reduced rate under any law or international agreement, cash dividend paid to unit holders of the fund will be subject to withholding tax as per prevailing tax law.

In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall deem to be full and final liability in respect of such distribution for individuals.

### b) Capital gains

Capital Gains on disposition of units in the Fund will be subject to capital gains tax at the applicable tax rates.

There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

### c) Zakat Levy

In view of individual nature of tax consequences, each investor is advised to consult with his tax advisor with respect to the specific tax consequences to him of investing in the funds in the Composite.



## **Trademark**

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## Al Meezan Investment Management Limited

### GIPS Compliant Presentation

#### Money Market Composite

For the Period from July 1, 2007 to December 31, 2022

Composite Name: Al-Meezan Money Market Composite							Creation Date : 30 June 2008		
Benchmark: 6 Month Bank Deposits							Currency : Pak Rupees		
Period	Composite Return (TWR)	Benchmark Return	3-Year Std Deviation		No. of Portfolios	Internal Dispersion (%)	Total Firm Assets (Mn)	Composite Assets (Mn)	% of Firm Assets
			Composite - STDEV	Benchmark - STDEV					
2QFY23	7.26%	3.25%	1.16%	0.31%	<5		284,907	119,699	42.0%
FY22	8.42%	4.53%	1.13%	0.25%	<5		185,494	90,551	48.8%
FY21	6.35%	4.19%	0.84%	0.17%	<5		202,601	91,640	45.2%
FY20	12.02%	5.32%	1.03%	0.20%	<5		161,273	70,470	43.7%
FY19	7.77%	4.51%	0.89%	0.12%	<5		81,980	10,914	13.3%
FY18	4.11%	3.83%	0.78%	0.09%	<5		100,620	10,866	10.8%
FY17	5.85%	3.95%	0.83%	0.28%	<5		117,747	4,013	3.4%
FY16	4.53%	4.43%	0.27%	0.28%	<5		77,288	3,885	5.0%
FY15	7.41%	6.11%	0.15%	0.14%	<5		65,635	7,792	11.9%
FY14	7.11%	6.56%	0.20%	0.20%	<5		57,726	3,348	5.8%
FY13	8.76%	6.87%	0.18%	0.19%	<5		47,904	6,813	14.2%
FY12	10.55%	8.11%	0.10%	0.10%	<5		40,514	7,630	18.8%
FY11	11.00%	8.28%	0.25%	0.22%	<5		31,264	6,049	19.3%
FY10	10.10%	7.49%	0.22%	0.31%	<5		18,066	5,299	29.3%
FY09	10.55%	6.30%			<5		12,438	62	0.5%
FY08	7.75%	5.75%			<5		17,475	55	0.3%



## **Compliance Statement**

Al Meezan Investment Management Ltd (Al Meezan) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared this report in compliance with the GIPS standards. Al Meezan has been independently verified by KPMG Taseer Hadi & Co for the periods July 2012 to June 2015. The verification report will be available on request. Verification assesses whether

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm -wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

## **Definition of the Firm**

Al Meezan Investment Management Ltd is a joint venture of Meezan Bank (MBL) and Pak Kuwait Investment Company (PKIC), licensed to undertake asset management and investment advisory services by the Security & Exchange Commission of Pakistan (SECP). The Firm includes all Funds under management; and all fee paying and non-fee paying discretionary and non-discretionary portfolios.

## **Policies**

Al Meezan's policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

## **Composite Description**

Money Market Composite includes the Money Market Mutual Funds that provide maximum possible preservation of capital and a reasonable rate of return by investing primarily in liquid Shariah compliant money market & Shariah compliant debt securities. A list of all portfolios in the Composite will be available upon request.

## **Benchmark**

Six (6) months average deposit rates of Three (3) AA rated Islamic Banks or Islamic windows of conventional bank as Selected by MUFAP.

## **List of Composites**

A list of all composite description is available upon request.

## **Significant Events**

1. Effective from 01 July 2011, through Sindh Sales Tax on Services Act 2011, general sales tax on fund management services has been imposed at the rate 16% effective July 1, 2011. Management fee charged during the period includes general sales tax.



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# Al Meezan Investment Management Limited

## **Fees**

All returns in this presentation are net of all expenses, which include the management fee and trading expenses.

## **Fee Schedule**

Management fee of individual portfolios within the Money Market Composite are given below :

	<b>Management Fee</b>	<b>Actual Rate of Management Fee</b>
Meezan Cash Fund	Up to 0.60% P.A (min 0.10%)	0.50% of Net Assets
Meezan Rozana Amdani Fund	Up to 3.5% of gross earnings subject to minimum floor of 0.10% of net assets p.a and maximum cap of 0.75% of net assets p.a	0.40% of Net Assets
Meezan Tahaffuz Pension Fund - Money Market sub Fund	Up to 1.00% p.a.	0.50%
Separately Managed Accounts	Different Fees	

*There is currently no Back-end load, other than 0.1% on MCF, if it is redeemed within 3 days.*

## **Ex Post Standard Deviation**

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 months.

## **Provision for SWWF**

Provision for Sindh Workers’ Welfare Fund (SWWF) liability has been made by the respective funds. Details appear below :

<b>Portfolio</b>	<b>Provision for SWWF (Rs. In million)</b>
MCF	74.69
MRAF	151.38
MTPF-MM sub fund	13.98

Up to August 12, 2021

The Status of the WWF and initial chargeability of SWWF is same as disclosed in the renewed financial statements for the period ended December 31, 2016.



**SWWF Disclosure:** During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MCF amounting to Rs. 74.69 million, MRAF amounting to Rs. 151.38 million, MTPF-MM amounting to Rs. 13.98 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the MCF by 0.54%, MRAF by 0.27%, MTPF-MM by 0.42%. This is one-off event and is not likely to be repeated in the future.

### **Minimum Portfolio Size**

The minimum portfolio size for inclusion in the composite is Rs 100 Million per Fund, which is also a regulatory requirement for starting a Fund.

The minimum portfolio size for separately managed account (SMA) inclusion in the composite is Rs 25 Million per Fund.

### **Currency**

The currency used to calculate all the returns is Pakistani Rupee (PKR).

### **Internal Dispersion**

Since the number of Portfolios in the composite is less than five, therefore calculation of internal dispersion is not required.

### **Returns**

The portfolio returns for the period have been calculated using a time-weighted, monthly, geometrically linked rate of return formula to compute percentage returns. Each portfolio's monthly rate of return is the monthly percentage change in the market value, including earned interest and dividends, after allowing for the effects of cash flows. All returns are net-of-fees calculated after the deduction of actual investment management fees and trading expenses.

### **Key Assumptions**

Following are the Key assumptions used in portfolio valuation:

### **Financial instruments**

All the financial assets and liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and liabilities is taken to the income statement in the period in which it arises.



## **Revenue recognition**

Capital gains on sale of a security are accounted for in the period in which they arise. Dividend income is recognized when the right to receive them is established. Income on bank deposits is recognized on accrual basis.

## **Subjective Unobservable Inputs**

Al Meezan uses subjective unobservable inputs for valuing some of its debt instruments i.e., Sukuks and Term Finance Certificates. The criteria used for valuation is in accordance with the Guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and unobservable inputs are disclosed through "Provisioning Policy" on the website of the company. The Provisioning Policy will also be made available to clients upon request.

## **Propriety assets in the Composite**

The composite contains investment of Al Meezan, its Management and that of discretionary portfolios.

## **Liability for Income Tax**

Under the Income Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. The Funds in the Composite are regarded as a public company liable to a tax rate applicable to a public company. The tax is chargeable at the rate applicable to a public company, which is presently as under;

1. Dividend income is taxable at applicable tax rate as provided in Income Tax ordinance, 2001 for public companies on gross income basis
2. Capital Gains Tax arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the as applicable according to the relevant law
3. Return from all other sources / instruments are taxable at the rate applicable to a public company.

## **Liability for Income Tax, if ninety percent (90%) of the Fund is paid as cash dividends**

Notwithstanding the tax rate as per applicable Tax Laws of Pakistan, income from the Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains is distributed amongst the Unit Holders as cash dividend.

This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014 for the purpose of determining distribution through bonus shares, units, certificates, as the case may be, shall not be taken into account.

## **Withholding Tax**

Under the provision of Clouse 47(B) of part (IV) of second schedule of the income Tax Ordinance 2001, the income from dividend from (Shariah compliant term finance certificates, Sukuks, return on (Riba free) deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

## **Taxation of Unit Holders & Liability of Zakat**

### a) Withholding tax

Unless exempt from such taxation by applicable law or at a reduced rate under any law or international agreement, cash dividend paid to unit holders of the fund will be subject to withholding tax as per prevailing tax law.

In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall deem to be full and final liability in respect of such distribution for individuals.

### b) Capital gains

Capital Gains on disposition of units in the Fund will be subject to capital gains tax at the applicable tax rates.

There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

### c) Zakat Levy

In view of individual nature of tax consequences, each investor is advised to consult with his tax advisor with respect to the specific tax consequences to him of investing in the funds in the Composite.

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## Al Meezan Investment Management Limited

### GIPS Compliant Presentation

#### Fixed Income Composite

For the Period from July 1, 2008 to December 31, 2022

Composite Name: Al-Meezan Fixed Income Composite							Creation Date : 30 June 2008		
Benchmark: Average Bank Deposits							Currency : Pak Rupees		
Period	Composite Return (TWR)	Benchmark Return	3-Year Std Deviation		No. of Portfolios	Internal Dispersion (%)	Total Firm Assets (Mn)	Composite Assets (Mn)	% of Firm Assets
			Composite - STDEV	Benchmark - STDEV					
2QFY23	6.99%	3.06%	17.97%	0.36%	<5		284,907	5,018	1.8%
FY22	1.68%	3.92%	3.54%	0.27%	<5		185,494	23,622	12.7%
FY21	6.72%	2.81%	0.73%	0.19%	<5		202,601	31,581	15.6%
FY20	11.48%	4.18%	0.96%	0.18%	<5		161,273	30,955	19.2%
FY19	7.73%	3.47%	0.63%	0.10%	<5		81,980	12,256	14.9%
FY18	3.99%	2.89%	0.50%	0.09%	<5		100,620	12,718	12.6%
FY17	5.08%	2.93%	0.62%	0.26%	<5		117,747	14,292	12.1%
FY16	5.54%	3.40%	1.08%	0.24%	<5		77,288	11,049	14.3%
FY15	7.91%	4.94%	1.39%	0.15%	<5		65,635	5,662	8.6%
FY14	11.19%	5.27%	2.83%	0.14%	<5		57,726	5,966	10.3%
FY13	13.34%	5.51%	2.94%	0.12%	<5		47,904	3,285	6.9%
FY12	7.86%	6.02%	2.96%	0.05%	<5		40,514	1,541	3.8%
FY11	11.65%	5.88%	4.75%	0.09%	<5		31,264	2,686	8.6%
FY10	7.59%	5.80%	4.62%	0.09%	<5		18,066	3,493	19.3%
FY09	10.11%	6.12%			<5		12,438	4,943	39.7%



## **Compliance Statement**

Al Meezan Investment Management Ltd (Al Meezan) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared this report in compliance with the GIPS standards. Al Meezan has been independently verified by KPMG Taseer Hadi & Co for the periods July 2012 to June 2015. The verification report will be available on request. Verification assesses whether

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm -wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

## **Definition of the Firm**

Al Meezan Investment Management Ltd is a joint venture of Meezan Bank (MBL) and Pak Kuwait Investment Company (PKIC), licensed to undertake asset management and investment advisory services by the Security & Exchange Commission of Pakistan (SECP). The Firm includes all Funds under management; and all fee paying and non-fee paying discretionary and non-discretionary portfolios.

## **Policies**

Al Meezan's policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

## **Composite Description**

Fixed Income Composite includes the fixed income mutual funds that aim 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. The Funds in the composite seeks to provide the investors with a rate of total return consistent with a broadly diversified portfolio of long, medium and short term, high quality Islamic income instruments. A list of all portfolios in the Composite will be available upon request.

## **Benchmark**

Six (6) months average deposit rates of three (3) A rated scheduled Islamic Banks or Islamic windows of conventional bank as Selected by MUFAP.

## **List of Composites**

A list of all composite description is available upon request.





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# Al Meezan Investment Management Limited

## **Significant Events**

1. SECP issued circular no. 1 dated January 2009 regarding Valuation of Debt Securities and Provisioning Criteria of Debt securities. Further amendments to this circular were carried out vide circular 33 and circular 35 of 2012. The provisioning policy of Al-Meezan is in accordance with the circulars issued by the SECP. The debt securities held by Collective Investment Schemes managed by Al-Meezan were marked down (in 2008) to reflect new changes accordingly.
2. Effective from 01 July 2011, through Sindh Sales Tax on Services Act 2011, general sales tax on fund management services has been imposed at the rate 16% effective July 1, 2011. Management fee charged during the period includes general sales tax.

## **Fees**

All returns in this presentation are net of all expenses, which include the Management Fee and Trading Expenses.

## **Fee Schedule**

Management fee of individual portfolios within the Fixed Income Composite are given below :

	<b>Management Fee</b>	<b>Actual Rate of Management Fee</b>
Meezan Islamic Income Fund	Up to 10% of Gross Earnings subject to min of 0.25% and max of 1.5% of avg. annual net assets	0.50% of Net Assets
Meezan Daily Income Fund	Up to 5% of the gross earnings of the scheme, calculated on a daily basis, subject to a minimum of 0.1% of the average daily net assets	0.49%
Meezan Tahaffuz Pension Fund - Debt sub Fund	Up to 1.50% p.a.	0.50%

There is currently no Back-end load.

MIIF - Contingent load for Type C investors

## **Ex Post Standard Deviation**

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 months.

## **Provision for SWWF**

Provision for Sindh Workers' Welfare Fund (SWWF) liability has been made by the respective funds. Details appear below :



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# Al Meezan Investment Management Limited

Portfolio	Provision for SWWF (Rs. In million)
MIIF	105.97
MTPF-Debt sub fund	22.88

Up to August 12, 2021

The Status of the WWF and initial chargeability of SWWF is same as disclosed in the renewed financial statements for the period ended December 31, 2016.

**SWWF Disclosure:** During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MIIF amounting to Rs. 105.97 million, MTPF-Debt amounting to Rs. 22.88 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the MIIF by 0.46%, MTPF-Debt by 0.52%. This is one-off event and is not likely to be repeated in the future.

### **Minimum Portfolio Size**

The minimum portfolio size for inclusion in the composite is Rs 100 Million per Fund, which is also a regulatory requirement for starting a Fund. The minimum portfolio size for separately managed account (SMA) inclusion in the composite is Rs 25 Million per Fund.

### **Currency**

The currency used to calculate all the returns is Pakistani Rupee (PKR).

### **Ex Post Standard Deviation**

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 months.

### **Internal Dispersion**

Since the number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.



## **Returns**

The portfolio returns for the period have been calculated using a time-weighted, monthly, geometrically linked rate of return (TWR) formula to compute percentage returns. Each portfolio's monthly rate of return is the monthly percentage change in the market value, including earned interest and dividends, after allowing for the effects of cash flows. All returns are net-of-fees calculated after the deduction of actual investment management fees and trading expenses.

## **Key Assumptions**

Following are the key assumptions used in portfolio valuation:

## **Financial instruments**

All the financial assets and liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and liabilities is taken to the income statement in the period in which it arises.

## **Revenue recognition**

Capital gains on sale of a security are accounted for in the period in which they arise. Dividend income is recognized when the right to receive them is established. Income on bank deposits is recognized on accrual basis.

## **Subjective Unobservable Inputs**

Al Meezan uses subjective unobservable inputs for valuing some of its debt instruments i.e., Sukuks and Term Finance Certificates. The criteria used for valuation is in accordance with the Guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and unobservable inputs are disclosed through "Provisioning Policy" on the website of the company. The Provisioning Policy will also be made available to clients upon request.

## **Propriety assets in the Composite**

The composite contains investment of Al Meezan, its Management and that of discretionary portfolios.

## **Liability for Income Tax**

Under the Income Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. The Funds in the Composite are regarded as a public company liable to a tax rate applicable to a public company. The tax is chargeable at the rate applicable to a public company, which is presently as under;



1. Dividend income is taxable at applicable tax rate as provided in Income Tax ordinance, 2001 for public companies on gross income basis
2. Capital Gains Tax arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the as applicable according to the relevant law
3. Return from all other sources / instruments are taxable at the rate applicable to a public company.

### **Liability for Income Tax, if ninety percent (90%) of the Fund is paid as cash dividends**

Notwithstanding the tax rate as per applicable Tax Laws of Pakistan, income from the Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains is distributed amongst the Unit Holders as cash dividend.

This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014 for the purpose of determining distribution through bonus shares, units, certificates, as the case may be, shall not be taken into account.

### **Withholding Tax**

Under the provision of Clouse 47(B) of part (IV) of second schedule of the income Tax Ordinance 2001, the income from dividend from (Shariah compliant term finance certificates, Sukuks, return on (Riba free) deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

### **Taxation of Unit Holders & Liability of Zakat**

#### a) Withholding tax

Unless exempt from such taxation by applicable law or at a reduced rate under any law or international agreement, cash dividend paid to unit holders of the fund will be subject to withholding tax as per prevailing tax law .

In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall deem to be full and final liability in respect of such distribution for individuals.

#### b) Capital gains

Capital Gains on disposition of units in the Fund will be subject to capital gains tax at the applicable tax rates.

There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

#### d) Zakat Levy



In view of individual nature of tax consequences, each investor is advised to consult with his tax advisor with respect to the specific tax consequences to him of investing in the funds in the Composite.

## **Trademark**

GIPS® is registered trademark of CFA Institution. CFA Institution doesn't endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein

## **Disclaimer**

MIIF & MTPF-Debt sub fund holds certain non-compliant investments. Before making any investment decision, investors should review the latest monthly Fund Manager Report and Financial Statements.

## Al Meezan Investment Management Limited

### GIPS Compliant Presentation

#### Sovereign Composite

For the Period from July 1, 2010 to December 31, 2022

Composite Name: Al-Meezan Sovereign Composite							Creation Date : 30 June 2008		
Benchmark: 6Month Bank Deposits							Currency : Pak Rupees		
Period	Composite Return (TWR)	Benchmark Return	3-Year Std Deviation		No. of Portfolios	Internal Dispersion (%)	Total Firm Assets (Mn)	Composite Assets (Mn)	% of Firm Assets
			Composite - STDEV	Benchmark - STDEV					
2QFY23	6.45%	3.06%	4.30%	0.36%	<5		284,907	6,667	2.3%
FY22	0.14%	3.92%	4.27%	0.27%	<5		185,494	6,196	3.3%
FY21	7.65%	2.81%	1.14%	0.19%	<5		202,601	9,939	4.9%
FY20	11.17%	4.18%	1.35%	0.18%	<5		161,273	9,736	6.0%
FY19	7.02%	3.47%	1.50%	0.10%	<5		81,980	5,702	7.0%
FY18	2.57%	2.89%	1.44%	0.09%	<5		100,620	2,074	2.1%
FY17	6.57%	2.93%	1.31%	0.26%	<5		117,747	4,334	3.7%
FY16	5.12%	3.40%	0.86%	0.24%	<5		77,288	7,945	10.3%
FY15	6.84%	4.94%	0.63%	0.15%	<5		65,635	8,820	13.4%
FY14	8.51%	5.27%	0.55%	0.14%	<5		57,726	20,281	35.1%
FY13	9.11%	5.51%	0.44%	0.12%	<5		47,904	19,654	41.0%
FY12	11.14%	6.02%			<5		40,514	19,709	48.6%
FY11	11.40%	5.88%			<5		31,264	12,546	40.1%



## **Compliance Statement**

Al Meezan Investment Management Ltd (Al Meezan) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared this report in compliance with the GIPS standards. Al Meezan has been independently verified by KPMG Taseer Hadi & Co for the periods July 2012 to June 2015. The verification report will be available on request. Verification assesses whether

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm -wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

## **Definition of the Firm**

Al Meezan Investment Management Ltd is a joint venture of Meezan Bank (MBL) and Pak Kuwait Investment Company (PKIC), licensed to undertake asset management and investment advisory services by the Security & Exchange Commission of Pakistan (SECP). The Firm includes all Funds under management; and all fee paying and non-fee paying discretionary and non-discretionary portfolios.

## **Policies**

Al Meezan's policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

## **Composite Description**

Sovereign Composite includes the Fixed Income Mutual Funds that aim to seek maximum possible preservation of capital and a reasonable rate of return by investing primarily in Government Securities. A list of all portfolios in the Composite will be available upon request.

## **Benchmark**

The Benchmark for this Composite is average return on Islamic Banking deposits.

## **List of Composites**

A list of all composite description is available upon request.

## **Significant Events**

1. SECP issued circular no. 1 dated January 2009 regarding Valuation of Debt Securities and Provisioning Criteria of Debt securities. Further amendments to this circular were carried out vide circular 33 and circular 35 of 2012. The provisioning policy of Al-Meezan is in accordance with the circulars issued by the SECP.



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- 2. Effective from 01 July 2011, through Sindh Sales Tax on Services Act 2011, general sales tax on fund management services has been imposed at the rate 16% effective July 1, 2011. Management fee charged during the period includes general sales tax.

## **Fees**

All returns in this presentation are net of all expenses, which include the Management Fee and Trading Expenses.

## **Fee Schedule**

Management fee of individual portfolios within the Composite are given below :

	Management Fee	Actual Rate of Management Fee
Meezan Sovereign Fund	Up to 0.60% p.a. (min 0.25)	0.50% of Net Assets

*There is currently no Back-end load.*

## **Ex Post Standard Deviation**

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 months.

## **Provision for SWWF**

Provision for Sindh Workers' Welfare Fund (SWWF) liability has been made by the respective funds. Details appear below :

Portfolio	Provision for SWWF (Rs. In million)
MSF	41.52
	Up to August 12, 2021

The Status of the WWF and initial chargeability of SWWF is same as disclosed in the renewed financial statements for the period ended December 31, 2016.

**SWWF Disclosure:** During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MSF amounting to Rs. 41.52 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the MSF by 0.42%. This is one-off event and is not likely to be repeated in the future.





## **Minimum Portfolio Size**

The minimum portfolio size for inclusion in the composite is Rs 100 Million per Fund, which is also a regulatory requirement for starting a Fund.

The minimum portfolio size for separately managed account (SMA) inclusion in the composite is Rs 25 Million per Fund.

## **Currency**

The currency used to calculate all the returns is Pakistani Rupee (PKR).

## **Internal Dispersion**

Since the number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

## **Returns**

The portfolio returns for the period have been calculated using a time-weighted, monthly, geometrically linked rate of return (TWR) formula to compute percentage returns. Each portfolio's monthly rate of return is the monthly percentage change in the market value, including earned interest and dividends, after allowing for the effects of cash flows. All returns are net-of-fees calculated after the deduction of actual investment management fees and trading expenses.

## **Key Assumptions**

Following are the Key assumptions used in portfolio valuation:

## **Financial Instruments**

All the financial assets and liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and liabilities is taken to the income statement in the period in which it arises.

## **Revenue recognition**

Capital gains on sale of a security are accounted for in the period in which they arise. Dividend income is recognized when the right to receive them is established. Income on bank deposits is recognized on accrual basis.

## **Subjective Unobservable Inputs**

Al Meezan uses subjective unobservable inputs for valuing some of its debt instruments i.e., Sukuks and Term Finance Certificates. The criteria used for valuation is in accordance with the Guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and

unobservable inputs are disclosed through "Provisioning Policy" on the website of the company. The Provisioning Policy will also be made available to clients upon request.

### **Propriety assets in the Composite**

The composite contains investment of Al Meezan, its Management and that of discretionary portfolios.

### **Liability for Income Tax**

Under the Income Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. The Funds in the Composite are regarded as a public company liable to a tax rate applicable to a public company. The tax is chargeable at the rate applicable to a public company, which is presently as under;

1. Dividend income is taxable at applicable tax rate as provided in Income Tax ordinance, 2001 for public companies on gross income basis
2. Capital Gains Tax arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the as applicable according to the relevant law
3. Return from all other sources / instruments are taxable at the rate applicable to a public company.

### **Liability for Income Tax, if ninety percent (90%) of the Fund is paid as cash dividends**

Notwithstanding the tax rate as per applicable Tax Laws of Pakistan, income from the Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains is distributed amongst the Unit Holders as cash dividend.

This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014 for the purpose of determining distribution through bonus shares, units, certificates, as the case may be, shall not be taken into account.

### **Withholding Tax**

Under the provision of Clause 47(B) of part (IV) of second schedule of the income Tax Ordinance 2001, the income from dividend from (Shariah compliant term finance certificates, Sukuks, return on (Riba free) deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

### **Taxation of Unit Holders & Liability of Zakat**

- a) Withholding tax



Unless exempt from such taxation by applicable law or at a reduced rate under any law or international agreement, cash dividend paid to unit holders of the fund will be subject to withholding tax as per prevailing tax law.

In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall deem to be full and final liability in respect of such distribution for individuals.

b) Capital gains

Capital Gains on disposition of units in the Fund will be subject to capital gains tax at the applicable tax rates.

There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

c) Zakat Levy

In view of individual nature of tax consequences, each investor is advised to consult with his tax advisor with respect to the specific tax consequences to him of investing in the funds in the Composite.

**Trademark**

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## Al Meezan Investment Management Limited

### GIPS Compliant Presentation

#### Balanced Composite

For the Period from July 1, 2008 to December 31, 2022

Composite Name: Al-Meezan Balanced Composite							Creation Date : 30 June 2008		
Benchmark: 50% KMI-30 Index and 50% Average Bank Deposits							Currency : Pak Rupees		
Period	Composite Return (TWR)	Benchmark Return	3-Year Std Deviation		No. of Portfolios	Internal Dispersion (%)	Total Firm Assets (Mn)	Composite Assets (Mn)	% of Firm Assets
			Composite - STDEV	Benchmark - STDEV					
2QFY23	3.71%	1.18%	9.86%	13.05%	<5	1.75%	284,907	5,195	1.8%
FY22	-1.57%	-3.17%	11.56%	14.10%	<5	1.79%	185,494	5,131	2.8%
FY21	15.78%	1.40%	12.45%	15.05%	5	9.27%	202,601	7,764	3.8%
FY20	10.33%	2.14%	12.79%	14.63%	6	6.96%	161,273	6,275	3.9%
FY19	-10.20%	-10.19%	9.56%	10.06%	11		81,980	7,255	8.8%
FY18	-7.28%	-3.35%	9.77%	9.42%	11		100,620	10,295	10.2%
FY17	13.72%	10.86%	10.39%	9.11%	<5		117,747	10,620	9.0%
FY16	11.36%	9.46%	10.23%	8.31%	<5		77,288	6,375	8.2%
FY15	16.10%	12.52%	10.33%	8.15%	<5		65,635	3,814	5.8%
FY14	19.86%	17.58%	9.01%	8.45%	<5		57,726	2,325	4.0%
FY13	32.57%	29.96%	8.86%	8.60%	<5		47,904	1,877	3.9%
FY12	16.05%	9.79%	9.17%	9.21%	<5		40,514	1,625	4.0%
FY11	25.43%	24.77%	18.36%	16.72%	<5		31,264	1,523	4.9%
FY10	22.33%	21.33%	19.36%	17.25%	<5		18,066	1,278	7.1%
FY09	-10.80%	-14.66%			<5		12,438	1,143	9.2%



## **Compliance Statement**

Al Meezan Investment Management Ltd (Al Meezan) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared this report in compliance with the GIPS standards. Al Meezan has been independently verified by KPMG Taseer Hadi & Co for the periods July 2012 to June 2015. The verification report will be available on request. Verification assesses whether

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm -wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

## **Definition of the Firm**

Al Meezan Investment Management Ltd is a joint venture of Meezan Bank (MBL) and Pak Kuwait Investment Company (PKIC), licensed to undertake asset management and investment advisory services by the Security & Exchange Commission of Pakistan (SECP). The Firm includes all Funds under management; and all fee paying and non-fee paying discretionary and non-discretionary portfolios.

## **Policies**

Al Meezan's policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

## **Composite Description**

Balanced Composite includes Balanced Mutual Fund that aim to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and Islamic Income Instruments such as TFCs, COIs, Certificates of Musharika, Islamic Sukuk, Ready-future hedges, and other such Shariah compliant instruments. A list of all portfolios in the Composite will be available upon request.

## **Benchmark**

The benchmark of the Composite is 50% KMI-30 Index and 50% 6 month Average bank deposit rate of three Islamic banks.

*KMI-30 replaced Dow Jones-JS Pakistan Islamic Index (DJIIMPK) as the benchmark of the Funds, which used DJIIMPK as benchmark, from July 01, 2009 onwards.*

## **List of Composites**

A list of all composite description is available upon request.



## **Significant Events**

1. On June 30, 2013, Meezan Balanced Fund was converted from close-end fund to open-end mutual fund.
2. SECP issued circular no. 1 dated January 2009 regarding Valuation of Debt Securities and Provisioning Criteria of Debt securities. Further amendments to this circular were carried out vide circular 33 and circular 35 of 2012. The provisioning policy of Al-Meezan is in accordance with the circulars issued by the SECP. The debt securities held by Collective Investment Schemes managed by Al-Meezan were marked down (in 2008) to reflect new changes accordingly.
3. Effective from 01 July 2011, through Sindh Sales Tax on Services Act 2011, general sales tax on fund management services has been imposed at the rate 16% effective July 1, 2011. Management fee charged during the period includes general sales tax.

## **Fees**

All returns in this presentation are net of all expenses, which include the Management Fee and Trading Expenses.

## **Fee Schedule**

Management fee of individual portfolios within the Composite are given below :

	<b>Management Fee</b>	<b>Actual Rate of Management Fee</b>
Meezan Balanced Fund	Up to 2.00%	2.00%

*There is currently no Back-end load.*

## **Ex Post Standard Deviation**

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 months.

## **Provision for SWWF**

Provision for Sindh Workers' Welfare Fund (SWWF) liability has been made by the respective funds. Details appear below :

<b>Portfolio</b>	<b>Provision for SWWF (Rs. In million)</b>
MBF	42.91

Up to August 12, 2021



The Status of the WWF and initial chargeability of SWWF is same as disclosed in the renewed financial statements for the period ended December 31, 2016.

**SWWF Disclosure:** During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MBF amounting to Rs. 42.91 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the MBF by 1.28%. This is one-off event and is not likely to be repeated in the future.

### **Minimum Portfolio Size**

The minimum portfolio size for inclusion in the composite is Rs 100 Million per Fund, which is also a regulatory requirement for starting a Fund.

### **Currency**

The currency used to calculate all the returns is Pakistani Rupee (PKR).

### **Internal Dispersion**

Internal dispersion is calculated using the equal-weighted standard deviation of annual net returns of those portfolios that were included in the composite for the entire year.

### **Returns**

The portfolio returns for the period have been calculated using a time-weighted, monthly, geometrically linked rate of return (TWR) formula to compute percentage returns. Each portfolio's monthly rate of return is the monthly percentage change in the market value, including earned interest and dividends, after allowing for the effects of cash flows. All returns are net-of-fees calculated after the deduction of actual investment management fees and trading expenses.

### **Key Assumptions**

Following are the Key assumptions used in portfolio valuation:

### **Financial Instruments**

All the financial assets and liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities

are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and liabilities is taken to the income statement in the period in which it arises.

### **Revenue Recognition**

Capital gains on sale of a security are accounted for in the period in which they arise. Dividend income is recognized when the right to receive them is established. Income on bank deposits is recognized on accrual basis.

### **Subjective Unobservable Inputs**

Al Meezan uses subjective unobservable inputs for valuing some of its debt instruments i.e., Sukuks and Term Finance Certificates. The criteria used for valuation is in accordance with the Guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and unobservable inputs are disclosed through "Provisioning Policy" on the website of the company. The Provisioning Policy will also be made available to clients upon request.

### **Propriety assets in the Composite**

The composite contains investment of Al Meezan, its Management and that of discretionary portfolios.

### **Liability for Income Tax**

Under the Income Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. The Funds in the Composite are regarded as a public company liable to a tax rate applicable to a public company. The tax is chargeable at the rate applicable to a public company, which is presently as under;

1. Dividend income is taxable at applicable tax rate as provided in Income Tax ordinance, 2001 for public companies on gross income basis
2. Capital Gains Tax arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the as applicable according to the relevant law
3. Return from all other sources / instruments are taxable at the rate applicable to a public company.

### **Liability for Income Tax, if ninety percent (90%) of the Fund is paid as cash dividends**

Notwithstanding the tax rate as per applicable Tax Laws of Pakistan, income from the Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains is distributed amongst the Unit Holders as cash dividend.

This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014 for the purpose of determining distribution through bonus shares, units, certificates, as the case may be, shall not be taken into account.





## **Withholding Tax**

Under the provision of Clouse 47(B) of part (IV) of second schedule of the income Tax Ordinance 2001, the income from dividend from (Shariah compliant term finance certificates, Sukuks, return on (Riba free) deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

## **Taxation of Unit Holders & Liability of Zakat**

### a) Withholding tax

Unless exempt from such taxation by applicable law or at a reduced rate under any law or international agreement, cash dividend paid to unit holders of the fund will be subject to withholding tax as per prevailing tax law.

In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall deem to be full and final liability in respect of such distribution for individuals.

### b) Capital gains

Capital Gains on disposition of units in the Fund will be subject to capital gains tax at the applicable tax rates.

There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

### c) Zakat Levy

In view of individual nature of tax consequences, each investor is advised to consult with his tax advisor with respect to the specific tax consequences to him of investing in the funds in the Composite.

## **Trademark**

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## **Disclaimer**

Meezan Balanced Fund holds certain non-compliant investments. Before making any investment decision, investors should review the latest monthly Fund Manager Report and Financial Statements.

## Al Meezan Investment Management Limited

### GIPS Compliant Presentation

#### Index Composite

For the Period from July 1, 2012 to December 31, 2022

Composite Name: Al-Meezan Index Composite					Creation Date : 30 June 2008				
Benchmark: KMI30 Index					Currency : Pak Rupees				
Period	Composite Return (TWR)	Benchmark Return	3-Year Std Deviation		No. of Portfolios	Internal Dispersion (%)	Total Firm Assets (Mn)	Composite Assets (Mn)	% of Firm Assets
			Composite - STDEV	Benchmark - STDEV					
2QFY23	-1.95%	-0.71%	25.81%	26.18%	<5		284,907	2,660	0.9%
FY22	-10.69%	-10.25%	27.84%	28.23%	<5		185,494	2,610	1.4%
FY21	36.43%	39.32%	29.77%	30.13%	<5		202,601	2,697	1.3%
FY20	0.88%	0.09%	29.05%	29.26%	<5		161,273	1,857	1.2%
FY19	-25.05%	-23.84%	20.29%	20.15%	<5		81,980	1,477	1.8%
FY18	-11.21%	-9.59%	19.04%	18.86%	<5		100,620	1,686	1.7%
FY17	15.89%	18.80%	18.18%	18.24%	<5		117,747	1,909	1.6%
FY16	13.32%	15.53%	16.19%	16.63%	<5		77,288	882	1.1%
FY15	17.07%	20.10%	15.78%	16.29%	<5		65,635	1,159	1.8%
FY14	26.49%	29.89%		16.91%	<5		57,726	1,020	1.8%
FY13	49.62%	54.41%		17.22%	<5		47,904	901	1.9%

## **Compliance Statement**

Al Meezan Investment Management Ltd (Al Meezan) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared this report in compliance with the GIPS standards. Al Meezan has been independently verified by KPMG Taseer Hadi & Co for the periods July 2012 to June 2015. The verification report will be available on request. Verification assesses whether

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm -wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

## **Definition of the Firm**

Al Meezan Investment Management Ltd is a joint venture of Meezan Bank (MBL) and Pak Kuwait Investment Company (PKIC), licensed to undertake asset management and investment advisory services by the Security & Exchange Commission of Pakistan (SECP). The Firm includes all Funds under management; and all fee paying and non-fee paying discretionary and non-discretionary portfolios.

## **Policies**

Al Meezan's policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

## **Composite Description**

Index Composite includes the Passive Strategy Mutual Funds that aim to provide investors an opportunity to track closely the performance of an Equity Index by investing in companies of the Index in proportion to their weightages. A list of all portfolios in the Composite will be available upon request.

## **Benchmark**

The benchmark of the fund is the average return on the KMI-30.

## **List of Composites**

A list of all composite description is available upon request.

## **Fees**

All returns in this presentation are net of all expenses, which include the Management Fee and Trading Expenses.

## **Fee Schedule**

Management fee of individual portfolios within the Composite are given below :

	Management Fee	Actual Rate of Management Fee
KSE Meezan Index Fund	1.00%	1.00%

*There is currently no Back-end load.*

## **Ex Post Standard Deviation**

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 months.

## **Provision for SWWF**

Provision for Sindh Workers' Welfare Fund (SWWF) liability has been made by the respective funds. Details appear below :

Portfolio	Provision for SWWF (Rs. In million)
KMIF	23.93

Up to August 12, 2021

The Status of the WWF and initial chargeability of SWWF is same as disclosed in the renewed financial statements for the period ended December 31, 2016.

**SWWF Disclosure:** During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by KMIF amounting to Rs. 23.93 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the KMIF by 0.82%. This is one-off event and is not likely to be repeated in the future.

## **Minimum Portfolio Size**

The minimum portfolio size for inclusion in the composite is Rs 100 Million per Fund, which is also a regulatory requirement for starting a Fund.

## **Currency**

The currency used to calculate all the returns is Pakistani Rupee (PKR).



## **Internal Dispersion**

Since the number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

## **Returns**

The portfolio returns for the period have been calculated using a time-weighted, monthly, geometrically linked rate of return (TWR) formula to compute percentage returns. Each portfolio's monthly rate of return is the monthly percentage change in the market value, including earned interest and dividends, after allowing for the effects of cash flows. All returns are net-of-fees calculated after the deduction of actual investment management fees and trading expenses.

## **Key Assumptions**

Following are the Key assumptions used in portfolio valuation:

## **Financial instruments**

All the financial assets and liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and liabilities is taken to the income statement in the period in which it arises.

## **Revenue recognition**

Capital gains on sale of a security are accounted for in the period in which they arise. Dividend income is recognized when the right to receive them is established. Income on bank deposits is recognized on accrual basis.

## **Subjective Unobservable Inputs**

Al Meezan uses subjective unobservable inputs for valuing some of its debt instruments i.e., Sukuks and Term Finance Certificates. The criteria used for valuation is in accordance with the Guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and unobservable inputs are disclosed through "Provisioning Policy" on the website of the company. The Provisioning Policy will also be made available to clients upon request.

## **Propriety assets in the Composite**

The composite contains investment of Al Meezan, its Management and that of discretionary portfolios.

## **Liability for Income Tax**

Under the Income Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. The Funds in the Composite are regarded as a public company liable to a tax rate applicable to a public company. The tax is chargeable at the rate applicable to a public company, which is presently as under;

1. Dividend income is taxable at applicable tax rate as provided in Income Tax ordinance, 2001 for public companies on gross income basis
2. Capital Gains Tax arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the as applicable according to the relevant law
3. Return from all other sources / instruments are taxable at the rate applicable to a public company.

## **Liability for Income Tax, if ninety percent (90%) of the Fund is paid as cash dividends**

Notwithstanding the tax rate as per applicable Tax Laws of Pakistan, income from the Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains is distributed amongst the Unit Holders as cash dividend.

This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014 for the purpose of determining distribution through bonus shares, units, certificates, as the case may be, shall not be taken into account.

## **Withholding Tax**

Under the provision of Clouse 47(B) of part (IV) of second schedule of the income Tax Ordinance 2001, the income from dividend from (Shariah compliant term finance certificates, Sukuks, return on (Riba free) deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

## **Taxation of Unit Holders & Liability of Zakat**

### a) Withholding tax

Unless exempt from such taxation by applicable law or at a reduced rate under any law or international agreement, cash dividend paid to unit holders of the fund will be subject to withholding tax as per prevailing tax law.

In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall deem to be full and final liability in respect of such distribution for individuals.

### b) Capital gains

Capital Gains on disposition of units in the Fund will be subject to capital gains tax at the applicable tax rates.



There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

c) Zakat Levy

In view of individual nature of tax consequences, each investor is advised to consult with his tax advisor with respect to the specific tax consequences to him of investing in the funds in the Composite.

**Trademark**

GIPS® is registered trademark of CFA Institution. CFA Institution doesn't endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein



## Al Meezan Investment Management Limited

### GIPS Compliant Presentation

#### Commodity Composite

For the Period from July 1, 2016 to December 31, 2022

Composite Name: Al-Meezan Commodity Composite						Creation Date : 30 June 2016			
Benchmark: 70% PKR base closing price of physical gold 30% Average return on Islamic bank deposits						Currency : Pak Rupees			
Period	Composite Return (TWR)	Benchmark Return	3-Year Std Deviation		No. of Portfolios	Internal Dispersion (%)	Total Firm Assets (Mn)	Composite Assets (Mn)	% of Firm Assets
			Composite - STDEV	Benchmark - STDEV					
2QFY23	11.11%	11.23%	13.37%	33.85%	<5	284,907	955	0.3%	
FY22	24.18%	22.62%	12.11%	34.93%	<5	185,494	771	0.4%	
FY21	-0.48%	2.79%	12.50%	35.81%	<5	202,601	623	0.3%	
FY20	22.55%	21.10%	11.56%	31.84%	<5	161,273	667	0.4%	
FY19	30.11%	27.27%	11.75%	32.05%	<5	81,980	558	0.7%	
FY18	11.98%	13.02%	11.24%	30.35%	<5	100,620	292	0.3%	
FY17	-7.20%	-2.62%	12.46%	33.47%	<5	117,747	459	0.4%	





## **Compliance Statement**

Al Meezan Investment Management Ltd (Al Meezan) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared this report in compliance with the GIPS standards. Al Meezan has been independently verified by KPMG Taseer Hadi & Co for the periods July 2012 to June 2015. The verification report will be available on request. Verification assesses whether

1. the firm has complied with all the composite construction requirements of the GIPS standards on a firm –wide basis and
2. the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

## **Definition of the Firm**

Al Meezan Investment Management Ltd is a joint venture of Meezan Bank (MBL) and Pak Kuwait Investment Company (PKIC), licensed to undertake asset management and investment advisory services by the Security & Exchange Commission of Pakistan (SECP). The Firm includes all Funds under management; and all fee paying and non-fee paying discretionary and non-discretionary portfolios.

## **Policies**

Al Meezan’s policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

## **Composite Description**

Commodity composite includes Gold funds that provides maximum exposure to prices of Gold in a Shariah Compliant (Islamic) manner, by investing a significant portion of the Fund’s net assets in deliverable gold based contracts available on Pakistan Mercantile Exchange (PMEX). A list of all portfolios in the Composite will be available upon request.

## **Benchmark**

70% PKR base closing price of physical gold and 30% deposit rates of three Islamic banks.

## **List of Composites**

A list of all composite description is available upon request.

## **Fees**

All returns in this presentation are net of all expenses, which include the Management Fee and Trading Expenses.



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# Al Meezan Investment Management Limited

## **Fee Schedule**

Management fee of individual portfolios within the Composite are given below :

## **Ex Post Standard Deviation**

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 months.

	Management Fee	Actual Rate of Management Fee
Meezan Gold Fund	Up to 1.50%	1.00%
Meezan Tahaffuz Pension Fund – Gold Sub Fund	2.00%	1.50%

*There is currently no Back-end load.*

## **Minimum Portfolio Size**

The minimum portfolio size for inclusion in the composite is Rs 100 Million per Fund, which is also a regulatory requirement for starting a Fund.

## **Currency**

The currency used to calculate all the returns is Pakistani Rupee (PKR).

## **Provision for SWWF**

Provision for Sindh Workers’ Welfare Fund (SWWF) liability has been made by the respective funds. Details appear below :

Portfolio	Provision for SWWF (Rs. In million)
MGF	5.07
MTPF – Gold Sub fund	0.93

Up to August 12, 2021

The Status of the WWF and initial chargeability of SWWF is same as disclosed in the renewed financial statements for the period ended December 31, 2016.

**SWWF Disclosure:** During the month of August 2021, provisioning against Sindh Workers’ Welfare Fund by MGF amounting to Rs. 5.07 million, MTPF-Gold amounting to Rs. 0.93 million has been reversed on the clarification received by Sindh Revenue Board vide letter No.



SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the MGF by 1.03%, MTPF-Gold by 0.79%. This is one-off event and is not likely to be repeated in the future.

### **Internal Dispersion**

Since the number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

### **Returns**

The portfolio returns for the period have been calculated using a time-weighted, monthly, geometrically linked rate of return (TWR) formula to compute percentage returns. Each portfolio's monthly rate of return is the monthly percentage change in the market value, including earned interest and dividends, after allowing for the effects of cash flows. All returns are net-of-fees calculated after the deduction of actual investment management fees and trading expenses.

### **Standard Deviation**

The three-year annualized standard deviation is not presented because the composite does not yet have 36 monthly returns.

### **Key Assumptions**

Following are the Key assumptions used in portfolio valuation:

### **Financial instruments**

All the financial assets and liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and liabilities is taken to the income statement in the period in which it arises.

### **Revenue recognition**

Capital gains on sale of a security are accounted for in the period in which they arise. Dividend income is recognized when the right to receive them is established. Income on bank deposits is recognized on accrual basis.

### **Subjective Unobservable Inputs**

Al Meezan uses subjective unobservable inputs for valuing some of its debt instruments i.e., Sukuks and Term Finance Certificates. The criteria used for valuation is in accordance with the Guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and unobservable inputs are disclosed through "Provisioning Policy" on the website of the company. The Provisioning Policy will also be made available to clients upon request.

## **Propriety assets in the Composite**

The composite contains investment of Al Meezan, its Management and that of discretionary portfolios.

## **Liability for Income Tax**

Under the Income Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. The Funds in the Composite are regarded as a public company liable to a tax rate applicable to a public company. The tax is chargeable at the rate applicable to a public company, which is presently as under;

5. Dividend income is taxable at applicable tax rate as provided in Income Tax ordinance, 2001 for public companies on gross income basis
6. Capital Gains Tax arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the as applicable according to the relevant law
7. Return from all other sources / instruments are taxable at the rate applicable to a public company.

## **Liability for Income Tax, if ninety percent (90%) of the Fund is paid as cash dividends**

Notwithstanding the tax rate as per applicable Tax Laws of Pakistan, income from the Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains is distributed amongst the Unit Holders as cash dividend.

This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014 for the purpose of determining distribution through bonus shares, units, certificates, as the case may be, shall not be taken into account.

## **Withholding Tax**

Under the provision of Clouse 47(B) of part (IV) of second schedule of the income Tax Ordinance 2001, the income from dividend from (Shariah compliant term finance certificates, Sukuks, return on (Riba free) deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

## **Taxation of Unit Holders & Liability of Zakat**

- a) Withholding tax

Unless exempt from such taxation by applicable law or at a reduced rate under any law or international agreement, cash dividend paid to unit holders of the fund will be subject to withholding tax as per prevailing tax law.

In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall deem to be full and final liability in respect of such distribution for individuals.

b) Capital gains

Capital Gains on disposition of units in the Fund will be subject to capital gains tax at the applicable tax rates.

There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

c) Zakat Levy

In view of individual nature of tax consequences, each investor is advised to consult with his tax advisor with respect to the specific tax consequences to him of investing in the funds in the Composite.

**Trademark**

GIPS® is registered trademark of CFA Institution. CFA Institution doesn't endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein

## Al Meezan Investment Management Limited

### GIPS Compliant Presentation

### Asset Allocation Composite

For the Period from July 01, 2016 to December 31, 2022

Composite Name: Al-Meezan Asset Allocation Composite							Creation Date : 30 June 2016		
Benchmark: Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation.							Currency : Pak Rupees		
Period	Composite Return (TWR)	Benchmark Return	3-Year Std Deviation		No. of Portfolios	Internal Dispersion (%)	Total Firm Assets (Mn)	Composite Assets (Mn)	% of Firm Assets
			Composite - STDEV	Benchmark - STDEV					
2QFY23	-2.18%	-0.18%	18.34%	38.85%	<5		284,907	2,562	0.9%
FY22	-15.07%	-8.28%	18.79%	34.93%	<5		185,494	2,774	1.5%
FY21	31.60%	33.67%	20.02%	35.81%	<5		202,601	3,881	1.9%
FY20	4.30%	6.97%	20.67%	31.84%	6		161,273	3,078	1.9%
FY19	-19.65%	-18.40%	15.19%	32.05%	6		81,980	3,701	4.5%
FY18	-11.92%	-6.66%	15.64%	30.34%	6		100,620	5,236	5.2%
FY17	20.90%	15.42%	14.67%	33.47%	7		117,747	6,722	5.7%



## **Compliance Statement**

Al Meezan Investment Management Ltd (Al Meezan) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared this report in compliance with the GIPS standards. Al Meezan has been independently verified by KPMG Taseer Hadi & Co for the periods July 2012 to June 2015. The verification report will be available on request. Verification assesses whether

- 1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm -wide basis and
- 2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

## **Definition of the Firm**

Al Meezan Investment Management Ltd is a joint venture of Meezan Bank (MBL) and Pak Kuwait Investment Company (PKIC), licensed to undertake asset management and investment advisory services by the Security & Exchange Commission of Pakistan (SECP). The Firm includes all Funds under management; and all fee paying and non-fee paying discretionary and non-discretionary portfolios.

## **Policies**

Al Meezan's policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

## **Composite Description**

Asset Allocation Composite includes the Mutual Funds and discretionary accounts that aim to earn a potentially high return through asset allocation between Shariah Compliant Equity Instruments, Shariah Compliant Fixed Income Instruments, Shariah Compliant Money Market Instruments and any other Shariah Compliant instrument as permitted by the regulation. A list of all portfolios in the Composite will be available upon request.

## **Benchmark**

The benchmark of the composite is weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme.

## **List of Composites**

A list of all composite description is available upon request.

## **Fees**

All returns in this presentation are net of all expenses, which include the Management Fee and Trading Expenses.

## **Fee Schedule**

Management fee of individual portfolios within the Composite are given below :

	Management Fee	Actual Rate of Management Fee
Meezan Asset Allocation Fund	Up to 3.00%	1.50%

*There is currently no Back-end load.*

## **Ex Post Standard Deviation**

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 months.

## **Minimum Portfolio Size**

The minimum portfolio size for inclusion in the composite is Rs 100 Million per Fund, which is also a regulatory requirement for starting a Fund.

## **Currency**

The currency used to calculate all the returns is Pakistani Rupee (PKR).

## **Internal Dispersion**

Internal dispersion is not presented as the portfolios did not complete annual performance.

## **Returns**

The portfolio returns for the period have been calculated using a time-weighted, monthly, geometrically linked rate of return (TWR) formula to compute percentage returns. Each portfolio's monthly rate of return is the monthly percentage change in the market value, including earned interest and dividends, after allowing for the effects of cash flows. All returns are net-of-fees calculated after the deduction of actual investment management fees and trading expenses.

## **Provision for SWWF**

Provision for Sindh Workers' Welfare Fund (SWWF) liability has been made by the respective funds. Details appear below :





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Portfolio	Provision for SWWF (Rs. In million)
MAAF	22.21

Up to August 12, 2021

The Status of the WWF and initial chargeability of SWWF is same as disclosed in the renewed financial statements for the period ended December 31, 2016.

**SWWF Disclosure:** During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MAAF amounting to Rs. 22.21 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the MAAF by 1.37%. This is one-off event and is not likely to be repeated in the future.

## **Standard Deviation**

The three-year annualized standard deviation is not presented because the composite does not yet have 36 monthly returns.

## **Key Assumptions**

Following are the Key assumptions used in portfolio valuation:

## **Financial instruments**

All the financial assets and liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and liabilities is taken to the income statement in the period in which it arises.

## **Revenue recognition**

Capital gains on sale of a security are accounted for in the period in which they arise. Dividend income is recognized when the right to receive them is established. Income on bank deposits is recognized on accrual basis.

## **Subjective Unobservable Inputs**

Al Meezan uses subjective unobservable inputs for valuing some of its debt instruments i.e., Sukuks and Term Finance Certificates. The criteria used for valuation is in accordance with the Guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and unobservable inputs are disclosed through "Provisioning Policy" on the website of the company. The Provisioning Policy will also be made available to clients upon request.

## **Propriety assets in the Composite**

The composite contains investment of Al Meezan, its Management and that of discretionary portfolios.

## **Liability for Income Tax**

Under the Income Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. The Funds in the Composite are regarded as a public company liable to a tax rate applicable to a public company. The tax is chargeable at the rate applicable to a public company, which is presently as under;

9. Dividend income is taxable at applicable tax rate as provided in Income Tax ordinance, 2001 for public companies on gross income basis
10. Capital Gains Tax arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the as applicable according to the relevant law
11. Return from all other sources / instruments are taxable at the rate applicable to a public company.

## **Liability for Income Tax, if ninety percent (90%) of the Fund is paid as cash dividends**

Notwithstanding the tax rate as per applicable Tax Laws of Pakistan, income from the Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains is distributed amongst the Unit Holders as cash dividend.

This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014 for the purpose of determining distribution through bonus shares, units, certificates, as the case may be, shall not be taken into account.

## **Withholding Tax**

Under the provision of Clouse 47(B) of part (IV) of second schedule of the income Tax Ordinance 2001, the income from dividend from (Shariah compliant term finance certificates, Sukuks, return on (Riba free) deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

## **Taxation of Unit Holders & Liability of Zakat**

- a) Withholding tax

Unless exempt from such taxation by applicable law or at a reduced rate under any law or international agreement, cash dividend paid to unit holders of the fund will be subject to withholding tax as per prevailing tax law.

In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall deem to be full and final liability in respect of such distribution for individuals.

b) Capital gains

Capital Gains on disposition of units in the Fund will be subject to capital gains tax at the applicable tax rates.

There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

c) Zakat Levy

In view of individual nature of tax consequences, each investor is advised to consult with his tax advisor with respect to the specific tax consequences to him of investing in the funds in the Composite.

**Trademark**

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**Al Meezan Investment Management Limited**  
**GIPS Compliant Presentation**  
**Capital Protected Composite**  
**For the Period from July 01, 2008 to March 31, 2016**

Composite Name: Al-Meezan Capital Protected Composite						Creation Date : 30 June 2008		
Benchmark: 75% Bank Deposit + 25% KMI-30 Index						Currency : Pak Rupees		
Period	Composite Return (TWR)	Benchmark Return	Composite - STDEV	Benchmark - STDEV	No. of Portfolios	Total Firm Assets (mn)	Composite Assets (mn)	% of Firm Assets
1QFY15	0.62%	1.08%	3.27%	4.21%	<5	56,958	542	1.0%
FY14	12.11%	12.39%	3.22%	4.22%	<5	57,726	539	0.9%
FY13	15.21%	18.76%	2.85%	4.30%	<5	47,904	506	1.1%
FY12	12.89%	9.48%	2.96%	4.61%	<5	40,514	443	1.1%
FY11	14.12%	17.13%	5.45%	8.40%	<5	31,264	724	2.3%
FY10	14.07%	14.83%			<5	18,066	637	3.5%
FY09	0.75%	-4.14%			<5	12,438	582	4.7%

## **Compliance Statement**

Al Meezan Investment Management Ltd (Al Meezan) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared this report in compliance with the GIPS standards. Al Meezan has been independently verified by KPMG Taseer Hadi & Co for the periods July 2012 to June 2015. The verification report will be available on request. Verification assesses whether

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm -wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

## **Definition of the Firm**

Al Meezan Investment Management Ltd is a joint venture of Meezan Bank (MBL) and Pak Kuwait Investment Company (PKIC), licensed to undertake asset management and investment advisory services by the Security & Exchange Commission of Pakistan (SECP). The Firm includes all Funds under management; and all fee paying and non-fee paying discretionary and non-discretionary portfolios.

## **Policies**

Al Meezan's policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

## **Composite Description**

Capital Protected Composite includes the Capital Protected Mutual Funds that aim to pay back investors, under certain conditions, their Principal Investment and to provide them with a high level of total return over the life of the Fund in a Shariah compliant manner. A list of all portfolios in the Composite will be available upon request.

## **Benchmark**

The benchmark is the rate of return on Bank Deposits for three Islamic Banks and KMI-30 in weightages of the Capital Protection and Investment Segments of the Fund respectively.

KMI-30 replaced Dow Jones-JS Pakistan Islamic Index (DJIIMP) as the benchmark of the Funds, which used DJIIMP as benchmark, from July 01, 2009 onwards.

## **List of Composites**

A list of all composite description is available upon request.



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# Al Meezan Investment Management Limited

## **Significant Events**

Effective from 01 July 2011, through Sindh Sales Tax on Services Act 2011, general sales tax on fund management services has been imposed at the rate 16% effective July 1, 2011. Management fee charged during the period includes general sales tax.

## **Fees**

All returns in this presentation are net of all expenses, which include the Management Fee and Trading Expenses.

## **Fee Schedule**

Management fee of individual portfolios within the Composite are given below :

Meezan Capital Protected Fund -II	1.50%
Meezan Capital Protected Fund -I	3% of Investment Segment; 1% of Capital Protected segment

*There is currently a contingent Back-end load, in case of Meezan Capital Protected Fund II.*

## **Ex Post Standard Deviation**

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 months.

## **Provision for WWF**

Provision for Workers Welfare Fund (WWF) liability has been made by the respective funds. Details appear below :

<b>Portfolio</b>	<b>Provision for WWF (Rs. In million)</b>
MCPF-II	1.85

## **Minimum Portfolio Size**

The minimum portfolio size for inclusion in the composite is Rs 100 Million per Fund, which is also a regulatory requirement for starting a Fund.

## **Currency**

The currency used to calculate all the returns is Pakistani Rupee (PKR).



## **Internal Dispersion**

Since the number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

## **Returns**

The portfolio returns for the period have been calculated using a time-weighted, monthly, geometrically linked rate of return (TWR) formula to compute percentage returns. Each portfolio's monthly rate of return is the monthly percentage change in the market value, including earned interest and dividends, after allowing for the effects of cash flows. All returns are net-of-fees calculated after the deduction of actual investment management fees and trading expenses.

## **Key Assumptions**

Following are the Key assumptions used in portfolio valuation:

## **Financial instruments**

All the financial assets and liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and liabilities is taken to the income statement in the period in which it arises.

## **Revenue recognition**

Capital gains on sale of a security are accounted for in the period in which they arise. Dividend income is recognized when the right to receive them is established. Income on bank deposits is recognized on accrual basis.

## **Subjective Unobservable Inputs**

Al Meezan uses subjective unobservable inputs for valuing some of its debt instruments i.e., Sukuks and Term Finance Certificates. The criteria used for valuation is in accordance with the Guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and unobservable inputs are disclosed through "Provisioning Policy" on the website of the company. The Provisioning Policy will also be made available to clients upon request.

## **Propriety assets in the Composite**

The composite contains investment of Al Meezan, its Management and that of discretionary portfolios.

## **Liability for Income Tax**

Under the Income Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. The Funds in the Composite are regarded as a public company liable to a tax rate applicable to a public company. The tax is chargeable at the rate applicable to a public company, which is presently as under;

1. Dividend income is taxable at applicable tax rate as provided in Income Tax ordinance, 2001 for public companies on gross income basis
2. Capital Gains Tax arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the as applicable according to the relevant law
3. Return from all other sources / instruments are taxable at the rate applicable to a public company.

## **Liability for Income Tax, if ninety percent (90%) of the Fund is paid as cash dividends**

Notwithstanding the tax rate as per applicable Tax Laws of Pakistan, income from the Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains is distributed amongst the Unit Holders as cash dividend.

This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014 for the purpose of determining distribution through bonus shares, units, certificates, as the case may be, shall not be taken into account.

## **Withholding Tax**

Under the provision of Clouse 47(B) of part (IV) of second schedule of the income Tax Ordinance 2001, the income from dividend from (Shariah compliant term finance certificates, Sukuks, return on (Riba free) deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

## **Taxation of Unit Holders & Liability of Zakat**

### a) Withholding tax

Unless exempt from such taxation by applicable law or at a reduced rate under any law or international agreement, cash dividend paid to unit holders of the fund will be subject to withholding tax as per prevailing tax law.

In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall deem to be full and final liability in respect of such distribution for individuals.

### b) Capital gains

Capital Gains on disposition of units in the Fund will be subject to capital gains tax at the applicable tax rates.





There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

c) Zakat Levy

In view of individual nature of tax consequences, each investor is advised to consult with his tax advisor with respect to the specific tax consequences to him of investing in the funds in the Composite.

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**Capital Protected Composite have discontinued due to maturity of funds:**

- Meezan Capital Protected Fund I matured on (June 11, 2011)
- Meezan Capital Protected Fund II matured on (August 15, 2014)