

PICKING UP SPEED IN THE CITY OF BAZAARS

MAUSOLEUM OF AKHUND
ABDUL GHAFOOR
(RAWALPINDI)



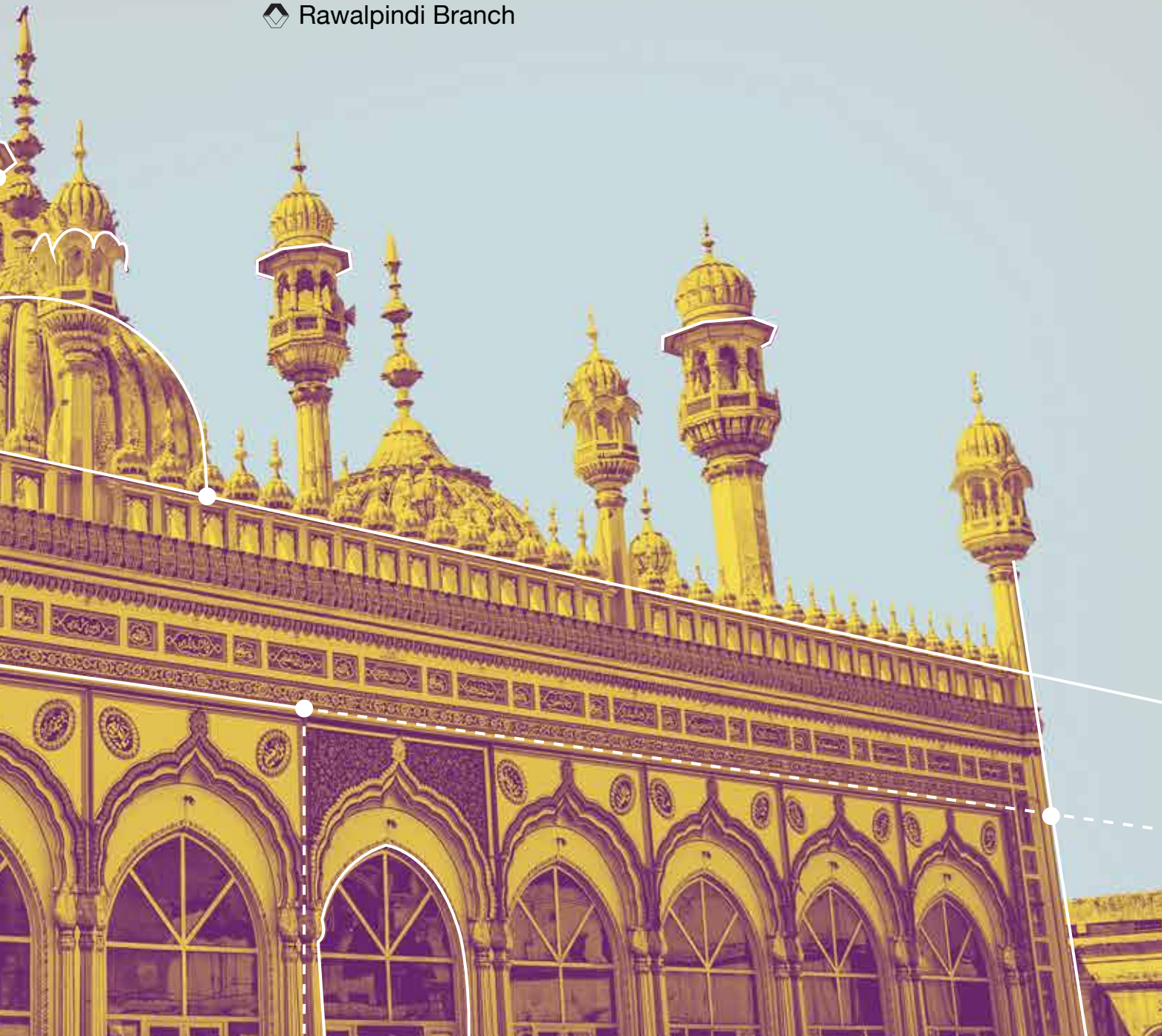


Meezan Balanced Fund

MEEZAN BALANCED FUND (MBF)

Meezan Balanced Fund is Pakistan's first Shariah compliant balanced scheme. It seeks to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested in both high quality Shariah compliant equity securities and income instruments such as TFC's, COI's, Certificates of Musharika, Islamic Sukuks, Ready-future hedges and other Shariah compliant instruments.

 Rawalpindi Branch



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Mohammad Furquan R Kidwai	Independent Director
Mr. Ijaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Shaukat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER

Meezan Balanced Fund

Type of Fund

Balanced category fund that invests in Shariah compliant listed equity securities and listed or unlisted Islamic fixed income products.

Objective

The objective of MBF is to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and Islamic fixed income avenues such as Sukuks (Islamic Bonds), Musharaka and Murabaha instruments, Shariah compliant spread transactions, Certificate of Islamic Investments, Islamic bank deposits, and other Islamic income products.

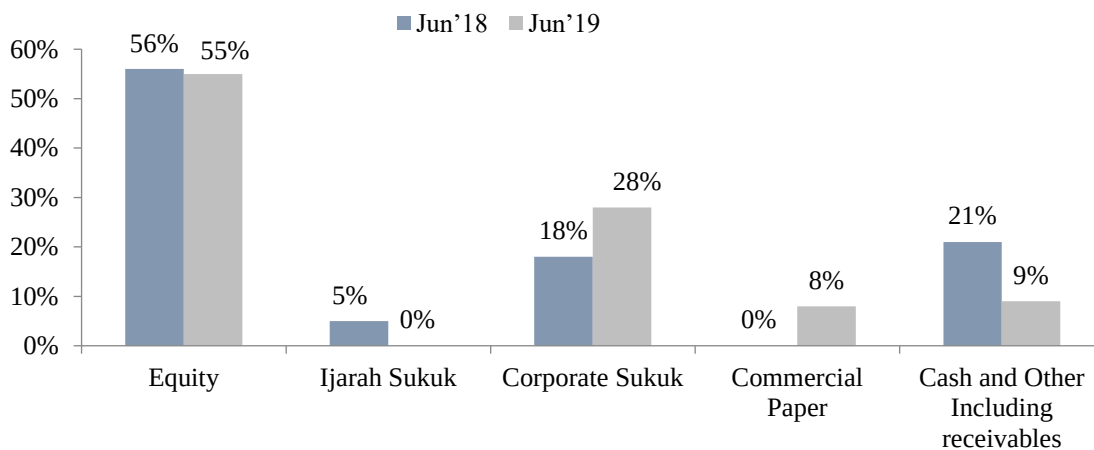
The fund invests only in Shariah Compliant instruments with the objective of maximizing total return to its unit holders and maintaining risks within acceptable levels. The fund also has a focus of long term preservation of capital and aims to maximize total returns by varying fund's allocations to fixed income and equity exposures in accordance with the economic conditions and market scenario.

Strategy and Investment Policy

Being a balanced fund, performance of MBF is linked proportionately to the performance of stock market and Islamic fixed income instruments. The fund manager, Al Meezan Investments, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. The fund primarily aims at controlling risk by balancing growth and income earning objectives of certificate holders. To achieve this purpose, the fund manager strives to reduce equity exposure in times when the market is trading above valuations and increase exposure to high quality liquid Islamic fixed income instruments. As per policy, the fund can invest up to 60% in listed equities.

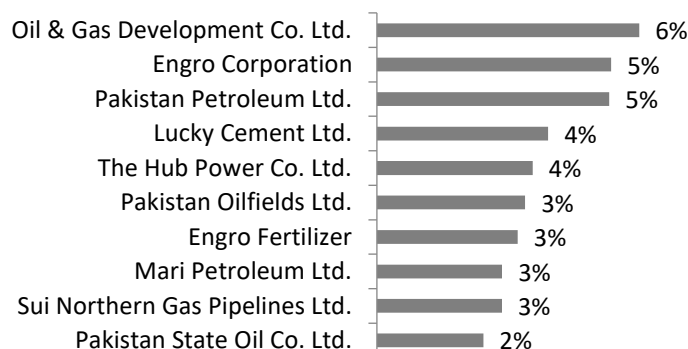
During the year, the focus was on proactive and continuous re-allocation between high yield instruments so as to optimize fund return while simultaneously minimizing risk. To keep interest rate risk at a minimum, the fund manager over the period kept the duration of the fixed income portfolio below six months.

Sector Allocation as on June 30th 2018 and 2019



During FY19, the fund maintained significant exposure to Oil & Gas and Fertilizer sectors because of better prospects of these sectors. The average equity exposure in the fund during the year was 56% while the remaining was deployed in quality fixed income instruments.

Top Holdings

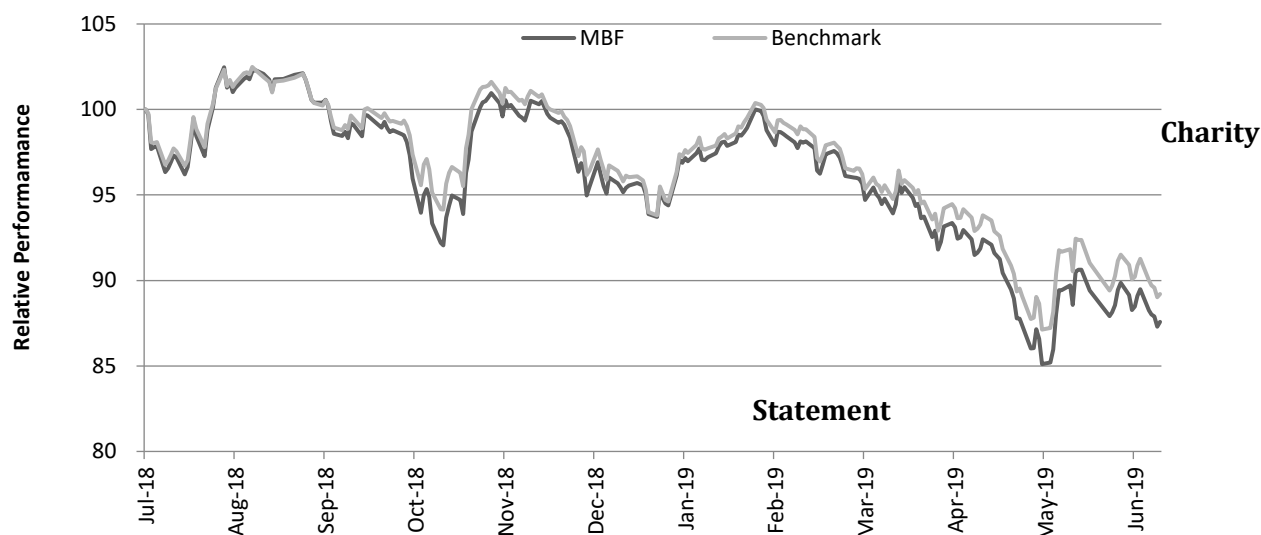


Performance Review

During FY19, Meezan Balanced Fund (MBF) provided a return of -12.81% to its investors compared to benchmark return of -12.14%.

MBF posted a total loss of Rs. 681 million in the fiscal year 2019 as compared to a total loss of Rs. 561 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 284 million and Rs. 875 million respectively, while the net outflow in the Fund during the year was 1,605 million. Dividend income contributed Rs. 193 million to income, while profit on saving accounts with banks including profit on term deposit receipts amounted to Rs. 81 million. Profit on Sukuks certificates was Rs. 202 million. After accounting for expenses of Rs. 207 million, the Fund posted a net loss of Rs. 888 million. The net assets of the Fund as at June 30, 2019 were Rs. 5,350 million as compared to Rs. 7,843 million at the end of last year depicting a decrease of 32%. The net asset value per unit as at June 30, 2019 was Rs. 13.46 as compared to Rs. 15.44 per unit as on June 30, 2018.

	30-Jun-19	30-Jun-18	Change
NAV			
Meezan Balanced Fund	13.46	15.44	-12.81 %
Benchmark Returns (Inputs)			
KMI 30	54,119	71,060	-23.84 %
Average Yield on Islamic Bank Deposits (annualised)			3.69 %
KMI 30 Return	-23.84 %	50.00 %	-11.92 %
Islamic Bank Deposit Return	3.69 %	50.00 %	1.85 %
Benchmark Return			-12.14 %
Underperformance			-0.67 %



The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2019 an amount of Rs. 4.351 million was accrued as charity payable.

Distributions

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

Summary of Actual Proxy Voted By the Fund

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

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

Breakdown of unit holdings by size

(As on June 30, 2019)

Range (Units)	No. of investors
1-9,999	3452
10,000-49,999	1086
50,000-99,999	416
100,000-499,999	363
500,000 and above	109
Total	5,426



Meezan Bank

The Premier Islamic Bank

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

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

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

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

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

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

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Oil & Gas Development Company Ltd.	Oil & Gas Exploration Companies	0.00%	12.32%	4.26%	36%	77.25	128
Engro Corporation Ltd	Fertilizer	29.53%	21.57%	3.03%	65%	(75.29)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.02%	11.98%	1.31%	39%	47.24	149.66
Lucky Cement	Cement	13.58%	0.03%	2.09%	76%	(65)	
The Hub Power Company Ltd.***	Power Generation & Distribution Company	31.38%	0.00%	0.43%	41%	(29.25)	

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

** All interest based debts.

*** Debt is considered excluding circular debt.

Meezan Bank Ltd.

Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.

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

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

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

A handwritten signature in green ink, appearing to be "Dr. Muhammad Imran Ashraf Usmani", is written over a horizontal line.

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank Limited
Shari'ah Advisor

Head Office

CDC House, 99-B, Block 'B'
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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN BALANCED FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Balanced Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 20, 2019

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Balanced Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Balanced Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2019, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 5 and 6 to the financial statements)	
	The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 4,945.739 million and balances with banks aggregated to Rs 357.560 million. The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures included the following: - Tested the design and operating effectiveness of the key controls for valuation of investments; - Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; - Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and - Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirement

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

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


Chartered Accountants

Karachi

Date: September 18, 2019

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



Meezan
Balanced Fund

	Note	2019 (Rupees in '000)	2018
Assets			
Balances with banks	5	357,560	1,682,989
Investments	6	4,945,739	6,204,967
Receivable against conversion of units		673	13,311
Dividend receivable		14,704	14,017
Receivable against sale of investments		75,910	-
Advances, deposits and other receivables	7	73,510	63,124
Total assets		5,468,096	7,978,408
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	16,770	18,002
Payable to Central Depository Company of Pakistan Limited - Trustee	9	615	831
Payable to the Securities and Exchange Commission of Pakistan	10	5,831	7,166
Payable to Meezan Bank Limited		1	307
Payable against purchase of investments		-	16,084
Payable against redemption and conversion of units		2,247	3,380
Dividend payable		7,490	8,437
Accrued expenses and other liabilities	11	85,052	81,196
Total liabilities		118,006	135,403
NET ASSETS		5,350,090	7,843,005
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		5,350,090	7,843,005
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		397,457,351	508,080,068
NET ASSET VALUE PER UNIT		13.4608	15.4366

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

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For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

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

	Note	2019 (Rupees in '000)	2018
Income			
Profit on balances with banks		81,186	89,148
Dividend income		193,158	244,625
Profit on term deposit receipts		-	30,680
Profit on sukuk certificates		161,932	114,690
Profit on commercial papers		40,187	-
Net realised loss on sale of investments		(283,848)	(313,039)
Other income		1,037	289
		193,652	166,393
Net unrealised diminution on re-measurement of investments - 'at fair value through profit or loss	6.5	(874,627)	(727,752)
Total loss		(680,975)	(561,359)
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	137,204	168,600
Sindh Sales Tax on remuneration of the Management Company	8.2	17,837	21,918
Allocated expenses	8.3	6,860	8,430
Selling and marketing expenses	8.4	21,814	2,347
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	7,860	9,430
Sindh Sales Tax on remuneration of the Trustee	9.2	1,022	1,226
Annual fees to the Securities and Exchange Commission of Pakistan		5,831	7,166
Brokerage expense		2,680	1,960
Auditors' remuneration	13	540	508
Fees and subscription		866	1,021
Charity expense	11.1	3,404	3,692
Printing expense		53	259
Legal and professional charges		-	76
Bank and settlement charges		852	1,061
Total expenses		206,823	227,694
Net loss before taxation		(887,798)	(789,053)
Taxation	16	-	-
Net loss for the year after taxation		(887,798)	(789,053)
Allocation of net income for the year			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		-	-

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

ALL

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

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



Meezan
 Balanced Fund

	Note	2019	2018
		----- Rupees in '000' -----	
Net loss for the year after taxation		(887,798)	(789,053)
Other comprehensive income for the year			
<i>Income that may be re-classified subsequently to Income Statement</i>			
Net unrealised diminution in the value of investments classified as 'available-for-sale'	6.4	-	(65,026)
Total comprehensive (loss) / income for the year		<u><u>(887,798)</u></u>	<u><u>(854,079)</u></u>

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

Ali

For Al Meezan Investment Management Limited
(Management Company)

 Chief Executive

 Chief Financial Officer

 Director

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

	2019				2018			
	Capital Value	Undistributed income	Unrealised appreciation/(diminution) 'available for sale' investments	Total	Capital Value	Undistributed income	Unrealised appreciation/(diminution) 'available for sale' investments	Total
	(Rupees in '000)				(Rupees in '000)			
Net assets at the beginning of the year as previously reported (Audited)	7,010,292	770,770	61,943	7,843,005	7,829,313	1,559,823	126,969	9,516,105
Change in accounting policy - note 3.2	-	61,943	(61,943)	-	-	-	-	-
Net assets at the beginning of the year	7,010,292	832,713	-	7,843,005	7,829,313	1,559,823	126,969	9,516,105
Issue of 61,198,644 units (2018: 152,256,553 units)								
- Capital value (at net asset value per unit at the beginning of the year)	944,699	-	-	944,699	2,580,749	-	-	2,580,749
- Element of (loss) / income	(35,807)	-	-	(35,807)	173,991	-	-	173,991
Total proceeds on issuance of units	908,892	-	-	908,892	2,754,740	-	-	2,754,740
Redemption of 171,821,361 units (2018: 205,456,606 units)								
- Capital value (at net asset value per unit at the beginning of the year)	2,652,338	-	-	2,652,338	3,482,489	-	-	3,482,489
- Element of (income) / loss	(138,329)	-	-	(138,329)	91,272	-	-	91,272
Total payments on redemption of units	2,514,009	-	-	2,514,009	3,573,761	-	-	3,573,761
Total comprehensive loss for the year	-	(887,798)	-	(887,798)	-	(789,053)	(65,026)	(854,079)
Distribution during the year	-	-	-	-	-	-	-	-
Net loss for the year less distribution	-	(887,798)	-	(887,798)	-	(789,053)	(65,026)	(854,079)
Net assets at the end of the year	5,405,175	(55,085)	-	5,350,090	7,010,292	770,770	61,943	7,843,005
Undistributed income brought forward (as previously reported (Audited))								
- Realised income	1,498,522				1,087,733			
- Unrealised (loss) / income	(727,752)				472,090			
	770,770				1,559,823			
Change in accounting policy - note 3.2	61,943				-			
Undistributed income brought forward	832,713				1,559,823			
Accounting income available for distribution								
- Relating to capital gains	-				-			
- Excluding capital gains	-				-			
	-				-			
Net loss for the year after taxation	(887,798)				(789,053)			
Distribution during the year	-				-			
Undistributed income carried forward	(55,085)				770,770			
Undistributed income carried forward								
- Realised income	819,542				1,498,522			
- Unrealised loss	(874,627)				(727,752)			
	(55,085)				770,770			
				(Rupees)				(Rupees)
Net assets value per unit at the beginning of the year				15.4366				16.9500
Net assets value per unit at the end of the year				13.4608				15.4366

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

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For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

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



Meezan
Balanced Fund

	Note	2019	2018
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year before taxation		(887,798)	(789,053)
Adjustments for:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		874,627	727,752
Decrease / (increase) in assets			
Investments		384,601	506,430
Receivable against sale of investments		(75,910)	1,851
Dividend receivable		(687)	5,022
Advances, deposits and other receivables		(10,386)	11,230
		297,618	524,533
(Decrease) / increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(1,232)	(11,350)
Payable to Central Depository Company of Pakistan Limited - Trustee		(216)	(162)
Payable to the Securities and Exchange Commission of Pakistan		(1,335)	956
Payable to Meezan Bank		(306)	(2,743)
Payable against purchase of investments - net		(16,084)	16,084
Accrued expenses and other liabilities		3,856	(73,704)
		(15,317)	(70,919)
Net cash generated from operating activities		269,130	392,313
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		921,530	3,185,498
Payments against redemption and conversion of units		(2,515,142)	(3,658,202)
Dividend paid		(947)	(78,933)
Net cash used in financing activities		(1,594,559)	(551,637)
Net decrease in cash and cash equivalents		(1,325,429)	(159,324)
Cash and cash equivalents at the beginning of the year		1,682,989	1,842,313
Cash and cash equivalents at the end of the year	5	357,560	1,682,989

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

Al Meezan

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

Chief Executive

Chief Financial Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Balanced Fund (the Fund) was initially established as a closed-end scheme under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 15, 2004 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 8, 2004 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The registered office of the Management Company is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

Subsequently, on May 3, 2013, SECP vide its letter No. SCD/AMCW/MBF /512/2013 had approved the conversion of the closed end structure into an open end scheme through the establishment of the Unit Trust Scheme under the name of Meezan Balanced Fund (MBF). On June 27, 2013, SECP vide its letter No SCD/AMCW/MBF/613/2013 registered MBF (the open-end scheme) as a notified entity and had withdrawn the registration of MBF as a closed end scheme with effect from the effective date i.e. July 1, 2013 and therefore from July 1, 2013, the Fund had been converted into an open end scheme and, accordingly, the certificate holders of the closed end scheme at June 30, 2013 were converted to unitholders of the open end scheme.

1.2 The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP.

1.3 The investment objective of the Fund is to generate long-term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality Shariah compliant equity securities and Islamic income instruments such as Islamic Sukuks (certificates of Islamic investment), musharaka certificates, Government Securities, cash in bank accounts, Money Market Placements, Deposits, Certificates of Deposits, Term Deposits Receipts, Commercial Papers, Islamic alternatives of Reverse Repos, Spread Transactions, and other Shariah compliant instruments as indicated by the SECP. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.4 The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. The Fund is categorised as a Shariah Compliant Balanced Fund in accordance with Circular 7 of 2009 issued by the SECP.

1.5 Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.

1.6 The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

AM 1

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

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

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at 'fair value through other comprehensive income' (FVOCI). IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income (FVOCI) or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

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

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

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

	As at June 30, 2018 (as previously stated)	Change	As at July 1, 2018	As at June 30, 2019
----- Rupees in '000 -----				
Impact on Statement of Assets and Liabilities				
Investments - 'Available for sale'	182,853	(182,853)	-	-
Investments - 'At fair value through profit or loss'	6,022,114	182,853	6,204,967	4,945,739
Impact on Statement of Unitholders' fund				
Unrealised appreciation / (diminution) on				
'Available-for-sale' investments	61,943	(61,943)	-	-
Undistributed income / (accumulated loss)	770,770	61,943	832,713	(55,085)

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

All ✓

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

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

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2019 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

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

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

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

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

At 12/12/2019

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Debt instruments

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

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

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

4.3.1.2 Equity instruments

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

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

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

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

4.3.2 Impairment

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

4.3.3 Impairment loss on debt securities

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

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

4.3.4 Regular way contracts

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

4.3.5 Initial recognition and measurement

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

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4.3.6 Derecognition

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

4.3.7 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

4.9 Distributions to unit holders

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

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

2019 / 20

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

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

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the date of commencement of book closure of the investee company / institution declaring the dividend.
- Income on sukuk certificates, term deposit receipts and government securities is recognized on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- Profit on saving accounts with banks is recognized on a time proportion basis using the effective yield method.

4.12 Expenses

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

4.13 Taxation

Current

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

Deferred

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

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

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

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

4.14 Earnings / (loss) per unit

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

11/1/20

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

4.15 Foreign currency translation

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

	Note	2019	2018
		----- Rupees in '000'-----	
5 BALANCES WITH BANKS			
Balances with banks in:			
Savings accounts	5.1	339,909	1,673,837
Current accounts		17,651	9,152
		<u>357,560</u>	<u>1,682,989</u>

5.1 The balances in saving accounts have expected profit rates ranging from 3.20% to 12.50% per annum (2018: 2.00% to 6.50% per annum)

	Note	2019	2018
		----- Rupees in '000'-----	
6 INVESTMENTS			
Investments - 'available for sale'	6.1	-	182,853
Investments - 'at fair value through profit or loss'	6.2	4,945,739	6,022,114
		<u>4,945,739</u>	<u>6,204,967</u>

6.1 During the year, the Fund has adopted IFRS-9: "Financial Instruments" which has replaced IAS-39: "Financial Instruments: Recognition and Measurement". As a result of adoption of IFRS-9, investments amounting to Rs. 182.853 million have been reclassified from 'Available for sale' as at June 30, 2018 to 'fair value through profit or loss' category with effect from July 1, 2018 (as disclosed in note 3.2).

	Note	2019	2018
		----- Rupees in '000'-----	
6.2 Investments - 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	6.2.1	2,966,177	4,242,544
Sukuk certificates	6.2.2 & 6.2.3	1,508,261	1,779,570
Commercial papers	6.3	471,301	-
		<u>4,945,739</u>	<u>6,022,114</u>

6.2.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Right / Bonus issue	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to		
											Net Assets of the Fund	Paid-up- Capital of the investee company (with face value of invest- ments)	Total market value of invest- ments
Number of shares								(Rupees in '000)			%		

Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Right / Bonus issue	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to			
											Net Assets of the Fund	Paid-up- Capital of the investee company (with face value of invest- ments)	Total market value of invest- ments	
Number of shares								(Rupees in '000)		%				
Cement														
Attock Cement Pakistan Limited	403	287	690	20,900	138	21,000	728	95	52	(43)	-	-	-	
Cherat Cement Company Limited	769,000	-	769,000	-	-	769,000	-	-	-	-	-	-	-	
Dewan Cement Limited	620,500	-	620,500	-	-	620,500	-	-	-	-	-	-	-	
DG Khan Cement Company Limited	894,760	249	895,009	281,700	-	821,300	355,409	34,413	20,095	(14,318)	0.38	0.08	0.41	
Fauji Cement Company Limited	4,000	-	4,000	155,000	-	159,000	-	-	-	-	-	-	-	
Kohat Cement Limited	465,400	-	465,400	50,000	139,620	149,500	505,520	46,941	26,555	(20,386)	0.50	0.25	0.54	
Lucky Cement Limited	535,400	7,451	542,851	160,300	-	150,200	552,951	276,098	210,381	(65,717)	3.93	0.17	4.25	
Maple Leaf Cement Limited	550,625	-	550,625	100,000	-	647,500	3,125	160	75	(85)	-	-	-	
Pioneer Cement Limited	1,158,500	-	1,158,500	-	-	1,158,500	-	-	-	-	-	-	-	
											4.81	0.50	5.20	
Chemicals														
Engro Polymer & Chemicals Limited	1,496,000	-	1,496,000	2,023,454	-	1,120,500	2,398,954	77,443	64,676	(12,767)	1.21	0.26	1.31	
I.C.I. Pakistan Limited	148,095	21	148,116	47,650	-	26,450	169,316	130,696	90,156	(40,540)	1.69	0.18	1.82	
Lotte Chemical Pakistan Limited	1,000	-	1,000	138,000	-	50,000	89,000	1,428	1,357	(71)	0.03	0.01	0.03	
Sitara Chemical Industries Limited	2,100	-	2,100	-	-	-	2,100	773	642	(131)	0.01	0.01	0.01	
											2.94	0.46	3.17	
Commercial Banks														
BankIslami Pakistan Limited	-	875	875	-	-	-	875	10	10	-	-	-	-	
Meezan Bank Limited	18	301	319	1,537,500	107,566	432,500	1,212,885	98,509	105,715	7,206	1.98	0.09	2.14	
											1.98	0.09	2.14	
Engineering														
Crescent Steel & Allied Products Limited	153,450	-	153,450	-	-	153,450	-	-	-	-	-	-	-	
International Industries Limited	78,500	-	78,500	25,700	-	104,000	200	42	15	(27)	-	-	-	
International Steels Limited	207,500	-	207,500	150,300	-	357,000	800	43	32	(11)	-	-	-	
K.S.B. Pumps Company Limited	-	-	-	5,000	-	-	5,000	1,387	505	(882)	0.01	0.04	0.01	
											0.01	0.04	0.01	
Fertilizers														
Fatima Fertilizer Limited	6,500	-	6,500	-	-	6,500	-	-	-	-	-	-	-	
Engro Corporation Limited (Note 6.2.1.2)	1,331,500	-	1,331,500	-	98,590	345,600	1,084,490	309,435	288,041	(21,394)	5.38	0.19	5.82	
Engro Fertilizers Limited	3,240,000	-	3,240,000	-	-	535,000	2,705,000	202,632	173,039	(29,593)	3.23	0.20	3.50	
											8.61	0.39	9.32	
Food & Personal Care Products														
Al-Shaheer Corporation Limited	7,225	-	7,225	-	-	-	7,225	197	91	(106)	-	0.01	-	
At-Tahur Limited	-	-	-	293,311	-	229,000	64,311	1,351	1,268	(83)	0.02	0.04	0.03	
Engro Foods Limited	3,800	-	3,800	-	-	-	3,800	338	222	(116)	-	-	-	
											0.02	0.05	0.03	
Glass & Ceramics														
Tariq Glass Industries Limited	-	-	-	25,000	-	20,000	5,000	460	383	(77)	0.01	0.01	0.01	
Investment Banks / Investment Companies / Securities Companies														
Dawood Hercules Corporation Limited	493,000	-	493,000	148,000	-	641,000	-	-	-	-	-	-	-	
Miscellaneous														
Shifa International Hospitals Limited	84	-	84	-	-	-	84	23	18	(5)	-	-	-	
Oil & Gas Exploration														
Attock Petroleum Limited	10,000	-	10,000	-	2,000	-	12,000	5,900	3,462	(2,438)	0.06	0.01	0.07	
Mari Petroleum Company Limited	84,250	-	84,250	64,060	14,331	10,180	152,461	208,361	153,883	(54,478)	2.88	0.13	3.11	
Oil and Gas Development Company Limited	3,421,400	-	3,421,400	460,000	-	1,428,400	2,453,000	375,227	322,545	(52,682)	6.03	0.06	6.52	
Pakistan Oilfields Limited	398,425	-	398,425	110,400	74,085	133,900	449,010	244,718	182,249	(62,469)	3.41	0.16	3.68	
Pakistan Petroleum Limited	984,396	4,548	988,944	932,700	150,591	94,400	1,977,835	357,986	285,659	(72,327)	5.34	0.09	5.78	
											17.72	0.45	19.16	

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Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Right / Bonus issue	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to				
											Net Assets of the Fund	Paid-up- Capital of the investee company (with face value of invest- ments)	Total market value of invest- ments		
Number of shares								(Rupees in '000)		%					
Oil and Gas Marketing															
Hi-Tech Lubricants Limited	145,400	-	145,400	-	-	145,400	-	-	-	-	-	-	-		
Hascol Petroleum Limited	163,491	-	163,491	130,100	58,953	70,000	282,544	50,742	19,388	(31,354)	0.36	0.14	0.39		
Pakistan State Oil Company Limited	894,244	-	894,244	51,700	180,548	355,000	771,492	203,857	130,868	(72,989)	2.45	0.20	2.65		
Sui Northern Gas Pipeline Limited	2,151,000	-	2,151,000	313,000	-	252,500	2,211,500	214,919	153,677	(61,242)	2.87	0.35	3.11		
Sui Southern Gas Company Limited	100,000	-	100,000	-	-	100,000	-	-	-	-	-	-	-		
											5.68	0.69	6.15		
Paper & Board															
Cherat Packaging Limited	-	-	-	53,400	-	1,000	52,400	8,964	4,226	(4,738)	0.08	0.14	0.09		
Packages Limited	209,923	150,000	359,923	17,400	-	103,400	273,923	131,919	82,330	(49,589)	1.54	0.31	1.66		
											1.62	0.45	1.75		
Pharmaceuticals															
Abbott Laboratories (Pakistan) Limited	32,200	-	32,200	150	-	30,000	2,350	1,590	1,115	(475)	0.02	-	0.02		
AGP Limited	705,000	-	705,000	75,000	-	154,000	626,000	55,319	42,900	(12,419)	0.80	0.22	0.87		
GlaxoSmithKline Consumer Healthcare	203,800	-	203,800	-	-	50,000	153,800	62,297	29,683	(32,614)	0.55	0.13	0.60		
Highnoon Laboratories Limited	1,453	-	1,453	-	145	-	1,598	596	405	(191)	0.01	0.01	0.01		
The Searle Company Limited	419,974	-	419,974	56,000	55,496	193,000	338,470	93,272	49,606	(43,666)	0.93	0.16	1.00		
											2.31	0.52	2.50		
Power Generation & Distribution															
K-Electric Limited	22,685,000	-	22,685,000	762,000	-	4,175,000	19,272,000	109,515	84,604	(24,911)	1.58	0.07	1.71		
The Hub Power Company Limited*	1,136,097	1,134,050	2,270,147	399,496	-	237,500	2,432,143	212,151	191,531	(20,620)	3.58	0.21	3.87		
											5.16	0.28	5.58		
Real Estate Investment Trust															
Dolmen City REIT	4,659,000	-	4,659,000	-	-	2,750,000	1,909,000	24,626	19,415	(5,211)	0.36	0.09	0.39		
Refinery															
National Refinery Limited	35,000	-	35,000	-	-	35,000	-	-	-	-	-	-	-		
Technology & Communication															
Avanceon Limited	-	-	-	250,000	68,800	78,000	240,800	12,822	11,809	(1,013)	0.22	0.13	0.24		
Netsol Technologies Limited	-	-	-	243,600	-	240,000	3,600	317	237	(80)	-	-	-		
Systems Limited	160,000	-	160,000	54,000	17,050	43,500	187,550	17,785	17,999	214	0.34	0.15	0.36		
											0.56	0.28	0.60		
Textile composite															
Feroze 1888 Mills Limited	-	-	-	306,500	-	56,500	250,000	16,667	25,218	8,551	0.47	0.07	0.51		
Interloop Limited	-	-	-	1,438,222	-	-	1,438,222	65,630	63,670	(1,960)	1.19	0.17	1.29		
Kohinoor Textile Mills Limited	-	-	-	100,000	-	100,000	-	-	-	-	-	-	-		
Nishat Mills Limited	296,300	-	296,300	660,000	-	275,500	680,800	94,526	63,546	(30,980)	1.19	0.19	1.28		
											2.85	0.43	3.08		
Vanaspati & Allied Industries															
Unity Foods Limited	100,000	-	100,000	1,012,838	-	370,000	742,838	9,774	7,651	(2,123)	0.14	0.14	0.15		
Right Certificates															
Chemicals															
Engro Polymer & Chemicals Limited*	553,454	-	553,454	-	-	553,454	-	-	-	-	-	-	-		
Power Generation & Distribution															
The Hub Power Company Limited*	-	-	-	-	254,996	254,996	-	-	-	-	-	-	-		
Vanaspati & Allied Industries															
Unity Foods Limited*	-	-	-	-	684,338	684,338	-	-	-	-	-	-	-		
											3,824,719	2,966,177	(858,542)	55	60

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

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- 6.2.1.1** All shares have a face value of Rs 10 each except for the shares of K-Electric Limited which have a face value of Rs 3.5 each.
- 6.2.1.2** Investments include 150,000 shares of Engro Corporation Limited, having a market value of Rs 39.840 million (2018: Rs 47.079 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.
- 6.2.1.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

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

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

As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 3.837 million (2018: 6.983 million).

6.2.2 Government Securities - GOP Ijarah Sukuk

Name of the Security	Maturity date	Profit rate	As at July 1, 2018	Purchases during the year	Sales / matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised loss as at June 30, 2019	Percentage in relation to	
										Net Assets of the Fund	Total market value of investments
(Number of certificates)							(Rupees in '000)			%	
GoP Ijarah Sukuk Certificates - XVII (Note 6.2.2.1)	February 15, 2019	Weighted Average 6 months T-Bills	1,840	-	1,840	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XVIII (Note 6.2.2.1)	March 29, 2019	Weighted Average 6 months T-Bills	2,000	-	2,000	-	-	-	-	-	-
Total as at June 30, 2019							-	-	-		
Total as at June 30, 2018							393,231	384,131	(9,100)		

- 6.2.2.1** The nominal value of the GoP Ijarah sukuk certificates is Rs 100,000 each.

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6.2.3 Sukuk certificates

Name of the investee company	Profit payments / Principal redemptions	Maturity	Profit rate	As at July 1, 2018	Purchases during the year	Sales / Redemptions / matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019*	Market value as at June 30, 2019*	Unrealised gain / (loss) as at June 30, 2019	Percentage in	
				Number of certificates			(Rupees in '000)				Net Assets of the Fund	Total market value of investments
Engro Fertilizer Pakistan Limited - II (AA, PACRA, non-traded) (note 6.2.3.1)	Semi-annually	July 9, 2019	6 months KIBOR plus base rate of 1.75%	7,140	-	4,760	2,380	12,019	11,906	(113)	0.22	0.24
K Electric Limited - (7 years) (note 6.2.3.1) (AA+, JCR-VIS, non-traded)	Quarterly	June 17, 2022	3 months KIBOR plus base rate of 1%	69,802	-	17,450	52,352	265,338	263,534	(1,804)	4.93	5.33
Security Leasing Corporation Limited II * (note 6.2.3.1 & 6.2.3.3)	Annually	January 19, 2022	N/A	1,540	-	-	1,540	-	-	-	-	-
Eden Housing Limited * (note 6.2.3.1 & 6.2.3.3)	Semi-annually	September 29, 2014	N/A	5,000	-	-	5,000	-	-	-	-	-
Arzoo Textile Mills Limited * (note 6.2.3.1 & 6.2.3.3)	Semi-annually	April 15, 2014	N/A	5,000	-	-	5,000	-	-	-	-	-
Hascor Petroleum Limited - Sukuk (AA, JCR-VIS, non-traded) (note 6.2.3.1)	Quarterly	January 7, 2022	3 months KIBOR plus base rate of 1.50%	37,500	-	10,000	27,500	140,987	138,531	(2,456)	2.59	2.80
Fatima Fertilizer Company Limited - Sukuk (AA-, PACRA, traded) (note 6.2.3.1)	Semi-annually	November 28, 2021	6 months KIBOR plus base rate of 1.10%	10,298	-	2,942	7,356	37,366	37,062	(304)	0.69	0.75
Dubai Islamic Bank Pakistan Limited - Sukuk (AA-, JCR-VIS, non-traded) (note 6.2.3.1)	Semi-annually	July 14, 2027	6 months KIBOR plus base rate of 0.50%	141	-	-	141	143,637	143,637	-	2.68	2.90
International Brands Limited (AA, JCR-VIS, non-traded) (note 6.2.3.1)	Quarterly	November 15, 2021	3 months KIBOR plus base rate of 0.50%	3,000	-	-	3,000	300,000	293,850	(6,150)	5.49	5.94
Neelum Jhelum Hydropower Company (Private) Limited (AAA, JCR-VIS, non-traded) (note 6.2.3.1)	Semi-annually	June 29, 2026	6 months KIBOR plus base rate of 1.13%	1,100	-	1,100	-	-	-	-	-	-
Meezan Bank Limited (AA, JCR-VIS, traded) (note 6.2.3.1)	Semi-annually	September 22, 2026	6 months KIBOR plus base rate of 0.5%	200	-	-	200	203,000	199,995	(3,005)	3.74	4.04
Shakarganj Food Products Limited (A, JCR-VIS, non-traded) (note 6.2.3.1)	Quarterly	July 10, 2024	3 months KIBOR plus base rate of 1.75%	-	82	-	82	82,000	80,225	(1,775)	1.50	1.62

Name of the investee company	Profit payments / Principal redemptions	Maturity	Profit rate	As at July 1, 2018	Purchases during the year	Sales / Redemptions / matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019*	Market value as at June 30, 2019*	Unrealised gain / (loss) as at June 30, 2019	Percentage in	
				Number of certificates			(Rupees in '000)				Net Assets of the Fund	Total market value of investments
Javedan Corporation Limited (AA-, JCR-VIS, non-traded) (note 6.2.3.1)	Semi-annually	October 4, 2026	6 months KIBOR plus base rate of 1.75%	-	750	-	750	75,000	74,651	(349)	1.40	1.51
Agha Steel Industries Limited (A+, JCR-VIS) (note 6.2.3.1)	Quarterly	October 9, 2024	3 months KIBOR plus base rate of 0.80%	-	100	-	100	100,000	100,000	-	1.87	2.02
AGP Limited (A+, PACRA, non-traded) (note 6.2.3.1)	Quarterly	June 9, 2022	3 months KIBOR plus base rate of 1.30%	-	735	237	498	49,999	49,800	(199)	0.93	1.01
The Hub Power Company Limited (A+, PACRA, non-traded)	Quarterly	November 27, 2019	3 months KIBOR plus base rate of 1.00%	-	20,000	-	20,000	100,000	100,000	-	1.87	2.02
Engro Polymer and Chemicals Limited (AA, PACRA, non-traded) (note 6.2.3.1)	Quarterly	July 11, 2026	3 months KIBOR plus base rate of 0.90%	-	150	-	150	15,000	15,070	70	0.28	0.30
								1,524,346	1,508,261	(16,085)		

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

6.2.3.1 The nominal value of these sukuk certificates is Rs 5,000 each except for the sukuk certificates of Dubai Islamic Bank Pakistan Limited, Eden Housing Limited, International Brands Limited, Neelum Jhelum Hydropower Company (Pvt.) Limited, Meezan Bank Limited, Shakarganj Food Products Limited, AGP Limited, Javedan Corporation Limited, Agha Steel Industries Limited and Engro Polymer and Chemicals Limited having nominal value of Rs 1,000,000, Rs 984.375, Rs 100,000, Rs 100,000, Rs. 1,000,000, Rs. 1,000,000, Rs. 100,000, Rs. 100,000, Rs. 1,000,000 and Rs. 100,000 respectively.

6.2.3.2 Circular No. 33 of 2012 allows the asset manager to apply a mark up / mark down within available limit for valuation of any specific debt security. Exercising the discretionary power, the above mentioned sukuk certificates of Shakarganj Food Products Limited and Javedan Corporation Limited have been valued at discretionary rates of 97.8353 and 99.5347 respectively when the reported market rate on MUFAP valuation sheet as at June 28, 2019 were 95.8403 and 96.4870 respectively.

6.2.3.3 Details of non-compliant investments with the investment criteria of the assigned category

The Securities and Exchange Commission of Pakistan (SECP), vide its circular No. 16 dated July 07, 2010, prescribed certain disclosures for the schemes holding investments that were non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirement of their constitutive documents. The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Al Meezan Investment Management Limited (the Management Company) classified Meezan Balanced Fund (the Fund) as a 'Balanced Scheme' in accordance with the said circular. As at June 30, 2019, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires the rating of any security in the portfolio shall not be lower than the investment grade. The following are the details of non-compliant investments held by the Fund:

Nil

Name of non-compliant investment	Type of Investment	Note	Value of investment before provision	Provision held (if any)	Value of investment after provision	Percentage of	
						Net assets	Gross assets
			----- (Rupees in '000) -----				
Listed							
Arzoo Textile Mills Limited	Non-traded sukuk certificates	6.2.3.4	25,000	25,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	6.2.3.4	4,922	4,922	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	6.2.3.5	7,701	7,701	-	-	-
Total - June 30, 2019			37,623	37,623	-	-	-
Total - June 30, 2018			37,623	37,623	-	-	-

6.2.3.4 Eden Housing Limited and Arzoo Textile Mills Limited sukuk certificates have been classified as non-performing by MUFAP. Therefore, in accordance with the requirements of SECP's Circular No. 33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 4.922 million and Rs. 25 million respectively has also been held as provision against the outstanding principal as at June 30, 2019.

6.2.3.5 The agreement with Security Leasing Corporation Limited (SLCL) had been amended on February 19, 2012. In accordance with the revised terms no mark-up is payable on the said sukuk with the approval of contributories to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 3, 2012. Therefore in accordance with the requirement of Circular No. 33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy of the Fund, an amount of Rs. 7.701 million has also been held as provision against the outstanding principal as at June 30, 2019.

6.3 Commercial Papers

Name of the security	Maturity date	Profit rate	As at July 1, 2018	Purchases during the year	Sales / redemptions / maturity during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Total market value of investment
			(Number of certificates)			(Rupees in '000)		--- % ---	
Hascol Petroleum Limited CP II (note 6.3.1)	January 4, 2019	6 months KIBOR plus base rate of 1.25%	-	365	365	-	-	-	-
K-Electric Limited CP I (note 6.3.1)	March 01, 2019	6 months KIBOR plus base rate of 0.90%	-	70	70	-	-	-	-
Hascol Petroleum Limited CP III (note 6.3.1)	July 15, 2019	6 months KIBOR plus base rate of 1.50%	-	300	-	300	298,670	298,670	6.04%
K-Electric Limited CP II (note 6.3.1)	September 02, 2019	6 months KIBOR plus base rate of 0.90%	-	176	-	176	172,631	172,631	3.49%
							471,301	471,301	

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

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

6.4 Net unrealised diminution on re-measurement of investments classified as 'available-for-sale'	2019		2018	
	---- Rupees in '000'----			
Market value of investments	-		182,853	
Carrying value of investments	-		120,910	
	-		61,943	
Less: unrealised diminution on re-measurement of investments classified as available for sale as at July 1	-		126,969	
	-		(65,026)	
6.5 Net unrealised diminution on re-measurement of investments classified as Financial assets at fair value through profit or loss				
Market value of investments	4,945,739		6,022,114	
Carrying value of investments	5,820,366		6,749,866	
	(874,627)		(727,752)	

7	ADVANCES, DEPOSITS AND OTHER RECEIVABLES	Note	2019	2018
			---- Rupees in '000'----	
	Security deposits		2,800	2,800
	Profit receivable on balances with banks		16,753	22,436
	Profit receivable on sukuk certificates		52,384	36,441
	Advance tax	7.1	1,573	947
	Advance against IPO subscription		-	500
			<u>73,510</u>	<u>63,124</u>

- 7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on debt paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on dividends and profit on debt amounts to Rs 1.573 million (2018: Rs 0.947 million).

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

8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED- MANAGEMENT COMPANY	Note	2019	2018
			(Rupees in '000)	
	Management fee payable	8.1	9,227	13,044
	Sindh Sales Tax on management fee payable	8.2	1,200	1,696
	Sales load payable		70	232
	Sindh Sales Tax on sales load payable		9	30
	Allocated expenses payable	8.3	462	653
	Selling and marketing expenses payable	8.4	5,802	2,347
			<u>16,770</u>	<u>18,002</u>

- 8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of Balanced schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2018: 2%) per annum of the average net assets of the Fund during the year ended 30 June 2019. The remuneration is payable to the Management Company monthly in arrears.
- 8.2 During the year, an amount of Rs 17.837 million (2018: Rs 21.918 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 18.333 million (2018: Rs. 22.293 million) has been paid to the Management Company which acts as a collecting agent.
- 8.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

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

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- 8.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 0.4% per annum of the net assets of the fund or actual expenses whichever is lower. Accordingly, such expenses have been charged to the Fund with effect from June 04, 2018 at the rate of 0.4% of the net assets of the Fund being lower than actual expenses incurred.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC) - TRUSTEE	Note	2019	2018
			(Rupees in '000)	
	Trustee fee payable	9.1	544	735
	Sindh Sales Tax payable on trustee fee	9.2	71	96
			<u>615</u>	<u>831</u>

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

On net assets:

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

- 9.2** During the year, an amount of Rs 1.022 million (2018: Rs 1.226 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 1.047 million (2018: Rs 1.244 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as a Balanced Scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.085% of the average annual net assets of the Fund as annual fee.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019	2018
			(Rupees in '000)	
	Withholding tax payable		629	-
	Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	38,656	38,656
	Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.3	31,961	30,789
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.3	6,838	6,838
	Brokerage expenses payable		1,578	180
	Charity payable	11.1	4,351	3,732
	Shariah advisory fee		488	429
	Auditors' remuneration payable		369	480
	Others		182	92
			<u>85,052</u>	<u>81,196</u>

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

During the year ended June 30, 2019, non-shariah compliant income amounting to Rs 3.404 million (2018: Rs 3.692 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of the Shariah Advisor.

- 11.2** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

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Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.10 per unit (2018: Re 0.08 per unit).

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 38.799 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.10 (June 30, 2018: Re 0.07) per unit.

During the year, FED amounting to Rs. 1.172 million has been paid to the fund by the Management Company in respect of management fee and sales load pertaining to prior periods.

12 CONTINGENCIES AND COMMITMENTS

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

13 AUDITORS' REMUNERATION	2019	2018
	(Rupees in '000)	
Annual audit fee	309	277
Half yearly review of condensed interim financial statements	110	110
Fee for other certifications	100	100
Out of pocket expenses	21	21
	<u>540</u>	<u>508</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 3.02% which includes 0.37% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Balanced Scheme.

15 PERFORMANCE TABLE	2018	2018	2017	2016	2015
Net assets (ex-distribution) (Rupees in '000)	5,350,090	7,843,005	9,516,105	4,707,687	3,383,460
Net assets value per unit / certificate as at June 30 (ex-distribution) (Rupees)	13.4608	15.44	16.95	15.84	14.67
Distribution					
- Final	N/A	N/A	N/A	N/A	N/A
- Interim	N/A	0.00%	12.50%	6.00%	8.00%
Dates of distribution	N/A	N/A	June 23, 2017	June 24, 2016	June 26, 2015
Distribution - income distribution (Rupees in '000')	N/A	N/A	643,935	171,188	158,790
Distribution - growth distribution (Rupees in '000')	N/A	N/A	N/A	N/A	N/A
Highest NAV per unit (Rupees)	15.7456	17.0948	19.59	16.57	15.64
Lowest NAV per unit (Rupees)	13.0783	14.6771	15.92	14.25	12.96
Total return (%)	(12.81)	(9.00)	15.00	12.00	16.00
Earnings per unit (Rupees)	-	-	-	-	-
	One year	Two years	Three years	Four years	Five Years
Average annual return as at June 30, 2019 (%)	(12.81)	8.72	10.48	10.84	11.73

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

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate.

16 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per section 4B of the Income Tax Ordinance, 2001.

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

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 17.2** Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 17.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 17.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5** The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

	2019	2018
	-----Rupees in '000'-----	
Balances		
Al Meezan Investment Management Limited (Management Company)		
Remuneration payable	9,227	13,044
Sindh Sales Tax payable on management fee	1,200	1,696
Sales load payable	70	232
Sindh Sales Tax payable on sales load	9	30
Allocated expenses payable	462	653
Selling and marketing expenses payable	5,802	2,347
Outstanding 900,638 (2018: 900,638) units - at net asset value	12,123	13,903
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Trustee fee payable	544	735
Sindh Sales Tax payable on trustee fee	71	96
Security deposits refundable	300	300
Meezan Bank Limited (MBL)		
Bank balance	26,870	45,222
Sales load payable	0.838	272
Sindh Sales Tax payable on sales load	0.109	35
Investment of 18,886,746 units (June 30, 2018: 18,886,746 units)	254,231	291,547
Investment in 200 sukuk certificates (June 30, 2018: 200 sukuk certificates)	199,995	203,000
Investment in 1,212,885 shares (June 30, 2018: 319 shares)	105,715	25

ALL

AI Meezan Investment Management Limited - Employees Gratuity Fund
 Outstanding 445,734 (June 30, 2018: 445,734) units - at net assets

2019	2018
-----Rupees in '000'-----	
6,000	6,881

Directors and Executives of the Management Company
 Outstanding 6,395,216 units (June 30, 2018: 6,277,570 units)

86,085	96,904
--------	--------

Transactions during the year
AI Meezan Investment Management Limited (Management Company)

Remuneration charged	137,204	168,600
Sindh Sales Tax on remuneration of the Management Company	17,837	21,918
Allocated expenses	6,860	8,430
Selling and marketing charges	21,814	2,347

For the year ended June 30	
2019	2018
-----Rupees in '000'-----	
137,204	168,600
17,837	21,918
6,860	8,430
21,814	2,347

Central Depository Company of Pakistan Limited (CDC) - Trustee

Remuneration of the Trustee	7,860	9,430
Sindh Sales Tax on remuneration of the Trustee	1,022	1,226
CDS charges	136	140

7,860	9,430
1,022	1,226
136	140

Meezan Bank Limited (MBL)

Profit on saving account	573	495
Profit on sukuk certificates	18,462	990
Dividend income during the year	2,587	232
Purchase of 1,537,500 shares (2018: 90,500 shares)	135,677	6,588
Right Shares: nil (2018: 4,518 shares)	-	226
Bonus Shares: 107,566 shares (2018: nil)	-	-
Sale of 432,500 shares (2018: 95,000 shares)	39,183	7,592

573	495
18,462	990
2,587	232
135,677	6,588
-	226
-	-
39,183	7,592

AI Meezan Investment Management Limited - Employees Gratuity Fund
 Outstanding 445,734 (June 30, 2018: 445,734) units - at net assets

6,000	6,881
-------	-------

Directors and Executives of the Management Company

Units issued: 312,329 (2018: 69,235 units)	4,480	1,097
Units redeemed: 194,683 (2018: 428,919 units)	2,758	6,654

4,480	1,097
2,758	6,654

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

18 FINANCIAL INSTRUMENTS BY CATEGORY

2019		
At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000'-----		

Financial assets

Balances with banks	357,560	-	357,560
Investments	-	4,945,739	4,945,739
Receivable against conversion of units	673	-	673
Dividend receivable	14,704	-	14,704
Receivable against sale of investments	75,910	-	75,910
Advances, deposits and other receivables	71,937	-	71,937

357,560	-	357,560
-	4,945,739	4,945,739
673	-	673
14,704	-	14,704
75,910	-	75,910
71,937	-	71,937
520,784	4,945,739	5,466,523

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----- 2019 -----		
At fair value through profit or loss	At amortised cost	Total
----- Rupees in '000' -----		

Financial liabilities

Payable to Al Meezan investment Management Limited -
Management Company

- 16,770 16,770

Payable to the Central Depository Company - Trustee

- 615 615

Payable to Meezan Bank Limited

- 1 1

Payable against redemption and conversion of units

- 2,247 2,247

Dividend payable

- 7,490 7,490

Accrued expenses and other liabilities

- 6,786 6,786

- 33,909 33,909

----- 2018 -----		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000' -----		

Financial assets

Balances with banks

1,682,989 - 1,682,989

Investments

- 6,204,967 6,204,967

Receivable against conversion of units

13,311 - 13,311

Dividend receivable

14,017 - 14,017

Advances, deposits and other receivables

62,177 - 62,177

1,772,494 6,204,967 7,977,461

----- 2018 -----		
At fair value through profit or loss	At amortised cost	Total
----- Rupees in '000' -----		

Financial liabilities

Payable to Al Meezan investment Management Limited -
Management Company

- 18,002 18,002

Payable to the Central Depository Company - Trustee

- 831 831

Payable to Meezan Bank Limited

- 307 307

Payable against redemption and conversion of units

- 3,380 3,380

Payable against purchase of investments

- 16,084 16,084

Dividend payable

- 8,437 8,437

Accrued expenses and other liabilities

- 4,821 4,821

- 51,862 51,862

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

19.1 Market risk

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

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

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

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(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks, sukuk certificates, commercial papers and investments in government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs.18.482 million (2018: Rs. 34.534 million).

b) Sensitivity analysis for fixed rate instruments

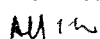
As at June 30, 2019, the Fund holds commercial papers which are classified as financial assets at fair value through profit or loss' exposing the Fund to fair value profit rate risk. In case of 100 basis points increase / decrease in rates with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs. 4.713 million (2018: Rs. nil).

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

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

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

2019						
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000'-----						
Financial assets						
Balances with banks	3.2% - 12.5%	339,909	-	-	17,651	357,560
Investments	KIBOR + 0.5% to KIBOR +1.75%	1,528,917	450,645	-	2,966,177	4,945,739
Receivable against conversion of units		-	-	-	673	673
Receivable against sale of investments		-	-	-	75,910	75,910
Dividend receivable		-	-	-	14,704	14,704
Advances, deposits and other receivables		-	-	-	71,937	71,937
		1,868,826	450,645	-	3,147,052	5,466,523
Financial liabilities						
Payable to AI Meezan Investment Management Limited - Management Company		-	-	-	16,770	16,770
Payable to the Central Depository Company - Trustee		-	-	-	615	615
Payable to Meezan Bank Limited (MBL)		-	-	-	1	1
Payable against redemption and conversion of units		-	-	-	2,247	2,247
Payable against purchase of investments		-	-	-	-	-
Dividend payable		-	-	-	7,490	7,490
Accrued expenses and other liabilities		-	-	-	6,786	6,786
		-	-	-	33,909	33,909
On-balance sheet gap (a)		1,868,826	450,645	-	3,113,143	5,432,614
Off-balance sheet financial Instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		1,868,826	450,645	-		
Cumulative profit rate sensitivity gap		1,868,826	2,319,471	2,319,471		



2018					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

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

Financial assets

Balances with banks

2.00% to 6.50%

1,673,837	-	-	9,152	1,682,989
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Investments

Weighted Average
12 months, 6 months & 3
months
T-Bills & KIBOR + 0.5% to
KIBOR +2.5%

420,188	1,359,382	-	4,425,397	6,204,967
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Receivable against conversion of units

-	-	-	13,311	13,311
---	---	---	--------	--------

Dividend receivable

-	-	-	14,017	14,017
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Advances, deposits and other receivables

-	-	-	62,177	62,177
---	---	---	--------	--------

2,094,025	1,359,382	-	4,524,054	7,977,461
-----------	-----------	---	-----------	-----------

Financial liabilities

Payable to Al Meezan Investment Management
Limited - Management Company

-	-	-	18,002	18,002
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Payable to the Central Depository Company
- Trustee

-	-	-	831	831
---	---	---	-----	-----

Payable to Meezan Bank Limited (MBL)

-	-	-	307	307
---	---	---	-----	-----

Payable against purchase of investments

-	-	-	16,084	16,084
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Payable against redemptions of units

-	-	-	3,380	3,380
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Dividend payable

-	-	-	8,437	8,437
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Accrued expenses and other liabilities

-	-	-	4,821	4,821
---	---	---	-------	-------

-	-	-	51,862	51,862
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On-balance sheet gap (a)

2,094,025	1,359,382	-	4,472,192	7,925,599
-----------	-----------	---	-----------	-----------

Off-balance sheet financial instruments

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

Off-balance sheet gap (b)

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

Total profit rate sensitivity gap (a+b)

2,094,025	1,359,382	-		
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Cumulative profit rate sensitivity gap

2,094,025	3,453,407	3,453,407		
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(ii) Currency risk

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

(iii) Price risk

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

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

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

11/12

In case of 1% increase / decrease in KMI 30 index on June 30, 2019, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 29.662 million (2018: Rs. 42.425 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as available-for-sale or financial assets at fair value through profit or loss.

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

19.2 Liquidity risk

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

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

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

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

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

2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000'

Financial assets

Balances with banks	357,560	-	-	-	-	357,560
Investments	323,170	198,742	230,937	319,284	907,429	4,945,739
Receivable against conversion of units	673	-	-	-	-	673
Dividend receivable	14,704	-	-	-	-	14,704
Receivable against sale of investments	75,910	-	-	-	-	75,910
Advances, deposits and other receivables	17,459	36,047	15,631	-	2,800	71,937
	789,476	234,789	246,568	319,284	907,429	2,968,977

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	16,770	-	-	-	-	16,770
Payable to Central Depository Company Limited - Trustee	615	-	-	-	-	615
Payable to Meezan Bank Limited	1	-	-	-	-	1
Payable against redemption and conversion of units	2,247	-	-	-	-	2,247
Payable against purchase of investments	-	-	-	-	-	-
Dividend payable	7,490	-	-	-	-	7,490
Accrued expenses and other liabilities	1,578	5,208	-	-	-	6,786
	28,701	5,208	-	-	-	33,909

Net assets / (liabilities)

	760,775	229,581	246,568	319,284	907,429	2,968,977	5,432,614
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Al / ~

2018						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000'

Financial assets

Balances with banks

Investments

Receivable against conversion of units

Dividend receivable

Advances, deposits and other receivables

1,682,989	-	-	-	-	-	1,682,989
-	-	-	-	-	6,204,967	6,204,967
13,311	-	-	-	-	-	13,311
14,017	-	-	-	-	-	14,017
58,877	-	-	-	-	3,300	62,177
1,769,194	-	-	-	-	6,208,267	7,977,461

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company

Payable to Central Depository Company Limited - Trustee

Payable to Meezan Bank Limited

Payable against redemption and conversion of units

Payable against purchase of investments

Dividend payable

Accrued expenses and other liabilities

18,002	-	-	-	-	-	18,002
831	-	-	-	-	-	831
307	-	-	-	-	-	307
3,380	-	-	-	-	-	3,380
16,084	-	-	-	-	-	16,084
8,437	-	-	-	-	-	8,437
42,540	-	-	-	-	-	42,540
89,581	-	-	-	-	-	89,581

Net assets / (liabilities)

1,679,613	-	-	-	-	6,208,267	7,887,880
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19.3 Credit risk

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

2019		2018	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk

Rupees in '000'

Balances with banks

Investments

Receivable against conversion of units

Dividend receivable

Receivable against sale of investments

Advances, deposits and other receivables

357,560	357,560	1,682,989	1,682,989
1,979,562	1,979,562	1,395,439	1,395,439
673	673	13,311	13,311
14,704	14,704	14,017	14,017
75,910	75,910	-	-
73,510	73,510	62,177	62,177
2,501,919	2,501,919	3,167,933	3,167,933

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

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

19.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued thereon, cheques in hand, dividend receivable and receivable against sale of units and against investments, investments in term finance and sukuk certificates. The credit rating profile of balances with banks is as follows:

All i

	% of financial assets exposed to credit risk	
	2019	2018
AAA	0.06	12.32
AA+	10.66	7.93
AA	58.24	-
AA-	-	0.45
A+	17.06	79.30
A	13.98	-
	<u>100</u>	<u>100</u>

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

19.3.3 Concentration of credit risk

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

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

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

20 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

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

Financial assets at fair value through profit or loss

Shares of listed companies - 'ordinary shares'
 Sukuk certificates
 Commercial papers*

2019		
Level 1	Level 2	Level 3
Rupees in '000'		
2,966,177	-	-
-	1,508,261	-
-	471,301	-
<u>2,966,177</u>	<u>1,979,562</u>	<u>-</u>

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

AAU

Financial assets at fair value through profit or loss

Shares of listed companies - 'ordinary shares'
Sukuk certificates

2018		
Level 1	Level 2	Level 3
Rupees in '000'		
4,242,544	-	-
	1,779,570	
4,242,544	1,779,570	-
182,853	-	-

Financial assets - Available for sale

Shares of listed companies - 'ordinary shares'

21 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 19, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

22 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	Number of unit holders	Investment amount (Rupees in '000')	Percentage of total	Number of unit holders	Investment amount (Rupees in '000')	Percentage of total
Individuals	5,277	2,484,061	46.43	5,772	3,970,987	50.63
Associated Companies / Directors	5	357,090	6.67	4	407,921	5.20
Insurance Companies	3	13,633	0.25	3	15,634	0.20
Banks and DFIs	1	19	0.00	1	21	0.00
NBFCs	1	322	0.01	1	369	0.01
Retirement Funds	76	1,378,137	25.76	90	1,907,351	24.32
Public Limited Companies	1	146,370	2.74	5	50,369	0.64
Others	62	970,458	18.14	68	1,490,353	19.00
	5,426	5,350,090	100.00%	5,944	7,843,005	100.00%

23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Topline Securities Limited	11%	Foundation Securities (Private) Limited	12%
Aba Ali Habib Securities (Private) Limited	8%	Optimus Capital Management (Private) Limited	9%
Vector Capital (Private) Limited	7%	Arif Habib Securities Limited	8%
Fortune Securities Limited	6%	EFG Hermes Securities Limited	7%
Paramount Capital Limited	6%	JS Global Capital Limited	7%
Taurus Securities Limited	6%	Al Falah Securities (Private) Limited	6%
BMA Capital Management Limited	5%	Paramount Capital Limited	6%
Arif Habib Securities Limited	5%	Topline Securities Limited	5%
Insight Securities (Private) Limited	4%	Standard Capital (Private) Limited	5%
Foundation Securities (Private) Limited	4%	Aba Ali Habib Securities (Private) Limited	4%

24 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

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

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

25 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

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

26 CORRESPONDING FIGURES

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

AMC

27 DATE OF AUTHORISATION FOR ISSUE

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

28 GENERAL

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

AM

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

Chief Executive

Chief Financial Officer

Director

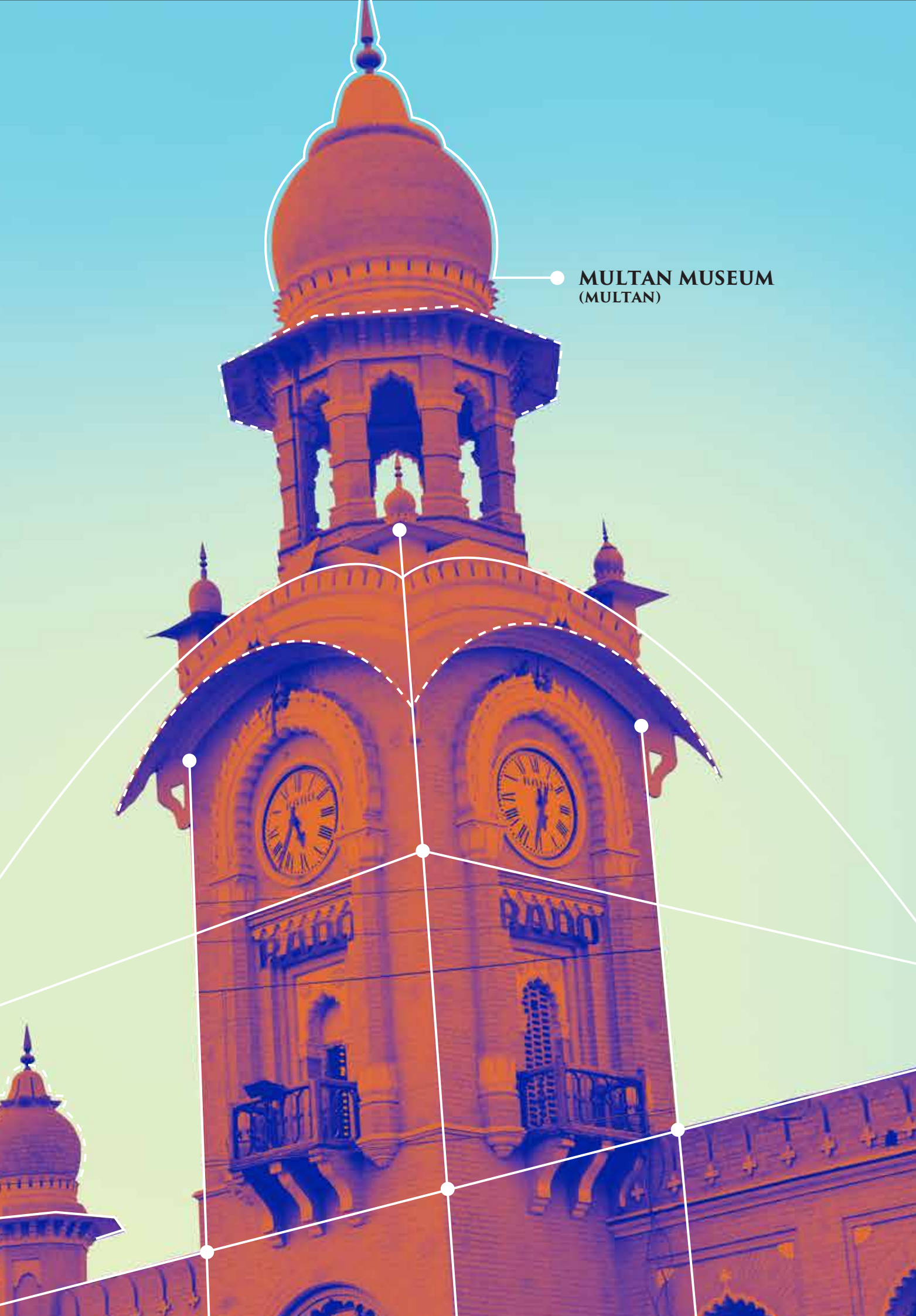


Meezan
Asset Allocation Fund

MEEZAN ASSET ALLOCATION FUND (MAAF)

Meezan Asset Allocation Fund (MAAF) is a Shariah compliant Asset Allocation Scheme. It is designed to help investors build wealth by long-term capital appreciation, diversification across asset classes and the flexibility to change investment portfolio exposure as per the outlook.

UNFOLDING OPPORTUNITIES OF PROGRESS IN THE CITY OF TEXTILE



● **MULTAN MUSEUM**
(MULTAN)

FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Mohammad Furquan R Kidwai	Independent Director
Mr. Ijaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Shaukat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)	Habib Metropolitan Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking	Meezan Bank Limited
Bank Islami Pakistan Limited	UBL Ameen - Islamic Banking
Dubai Islamic Bank Pakistan Limited	
Faysal Bank Limited - Islamic Banking	

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER

Meezan Asset Allocation Fund (MAAF)

Objective

The fund aims to earn a potentially high return through asset allocation between Shariah Compliant Equity Instruments, Shariah Compliant Fixed Income and Money Market Instruments and any other Shariah Compliant instrument as permitted by the SECP and Shariah Advisor.

Investment Policy and Strategy

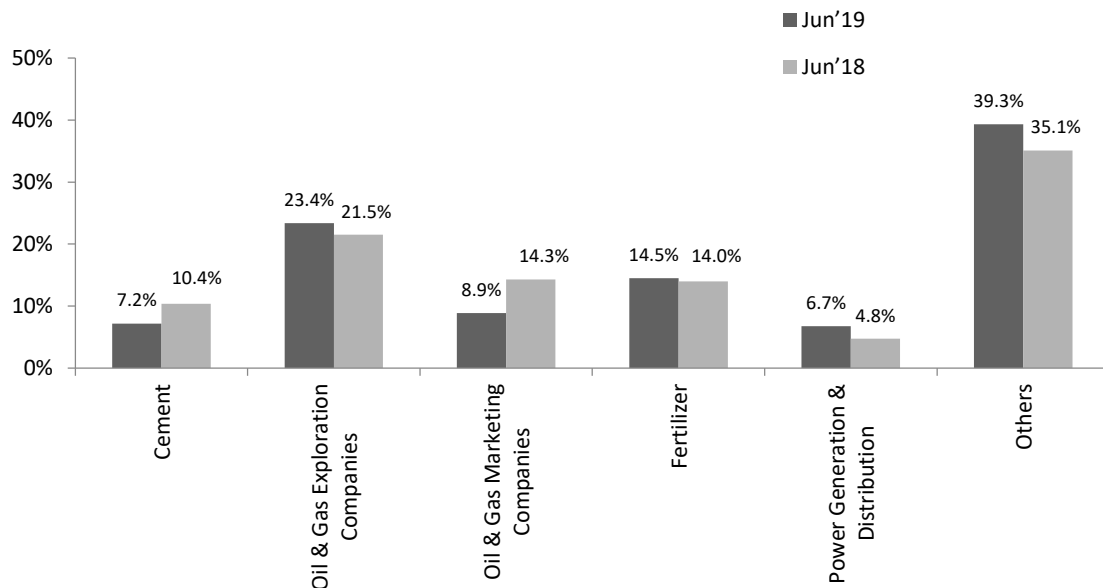
Based on the Fund Manager's outlook on asset classes, the allocation of the portfolio will actively be managed between the Equity asset classes and Fixed Income/Money Market asset classes in line with the macroeconomic view and outlook of such asset classes. For exposure to equities, this fund shall primarily be invested in Listed Islamic Equity while for exposure to Fixed Income/Money Market, the fund shall invest in Islamic Money Market and Islamic Fixed Income instruments as well as in Cash at Bank Accounts of Islamic Banks and licensed Islamic Banking windows of conventional Banks.

To comply with the regulatory limits enforced by the SECP, the fund can take a maximum exposure of up to 90% of its Net Assets in equity or fixed income; in case of an investment in REITs, a limit of 35% has been assigned by the regulator.

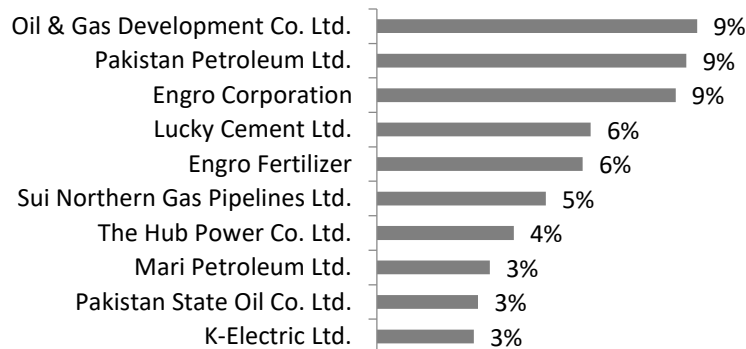
The fund manager looks to earn a higher than average return by actively managing the portfolio between equity and fixed income avenues in line with the movements of the stock market.

Asset Allocation

As on June 30, 2019, the fund's equity exposure was 76.0%, while 24.0% of the Net Assets was invested in bank deposits.



Top Holdings



Performance Review

Meezan Asset Allocation Fund posted a total loss of Rs. 480 million during FY18 as compared to total income of Rs. 380 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 201 million and Rs. 416 million respectively, while the net outflow of the Fund during the year was 477 million. Dividend income and profit on saving account with banks comprised of Rs. 97 million and 39 million respectively. After accounting for expenses of Rs. 66 million, the fund posted a net loss of Rs. 546 million. The net assets of the Fund as at June 30, 2019 were Rs. 1,854 million as compared to Rs. 2,877 million at the end of last year depicting a decline of 36%.

During the fiscal year 2019, Meezan Asset Allocation Fund provided a negative return of -20.43% to its investors.

	<u>MAAF</u>	<u>Benchmark</u>
Net Asset Value as on June 30, 2018	44.53	
Net Asset Value as on June 30, 2019	35.43	
Return During the Period - Net	-20.43%	-18.57%
Under performance	-1.86%	
<i>Benchmark: Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation</i>		

Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2019 an amount of Rs. 1.75 million was accrued as charity payable.

Distributions

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

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	3	3	-	-
Percentage	100%	100%	-	-

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

Breakdown of unit holdings by size:

(As on June 30, 2019)

Range (Units)	No. of Investors
1 - 9,999	1,288
10,000 - 49,999	487
50,000 - 99,999	76
100,000 - 499,999	50
500,000 and above	15
Total	1,916



Meezan Bank

The Premier Islamic Bank

Report of the *Shari'ah* Advisor –Meezan Asset Allocation Fund

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

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

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

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

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

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

Page 1 of 2

Meezan Bank Ltd.

Meezan House. C-25, Estate Avenue, SITE, Karachi, Pakistan.
Tel: (92-21) 38103500 Fax: (92-21) 36406049 www.meezbank.com



Lucky Cement	Cement	13.58%	0.03%	2.09%	76%	(65)	
Sui Northern Gas Company	Oil & Gas Marketing Companies	17.06%	0.00%	1.01%	51%	(297.62)	
Engro Fertilizer	Fertilizer	25.93%	6.57%	0.43%	76%	(32.98)	
The Hub Power Company Ltd.***	Power Generation & Distribution Company	31.38%	0.00%	0.43%	41%	(29.25)	
Mari Petroleum Ltd	Oil & Gas Exploration Companies	11.14%	15.09%	1.04%	33%	(597.55)	

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

** All interest based debts.

*** Debt is considered excluding circular debt.

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

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

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shari'ah Advisor

Head Office

CDC House, 99-B, Block 'B'
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Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ASSET ALLOCATION FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Asset Allocation Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 20, 2019

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Asset Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Asset Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2019, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer note 5 and 6 to the financial statements)	
	The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 1,448.626 million and balances with banks aggregated to Rs 421.539 million. The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures included the following: - Tested the design and operating effectiveness of the key controls for valuation of investments; - Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; - Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and

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State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

S. No.	Key Audit Matter	How the matter was addressed in our audit
		Obtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirement

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

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


Chartered Accountants
Karachi

Date: September 18, 2019

MEEZAN ASSET ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019



Meezan
 Asset Allocation Fund

		2019	2018
	Note	-----Rupees in 000-----	
Assets			
Balances with banks	5	421,539	454,128
Investments	6	1,448,626	2,433,085
Receivable against conversion of units		-	9,679
Dividend receivable		5,288	5,809
Advances, deposits and other receivables	7	9,794	8,034
Preliminary expenses and floatation costs	8	326	507
Total assets		1,885,573	2,911,242
Liabilities			
Payable to Al Meezan Investment Management Limited -Management Company	9	4,914	12,673
Payable to Central Depository Company of Pakistan Limited - Trustee	10	533	340
Payable to the Securities and Exchange Commission of Pakistan	11	2,380	2,896
Payable to Meezan Bank Limited		35	44
Payable against redemption and conversion of units		9,113	1,669
Payable against purchase of investments		-	2,190
Accrued expenses and other liabilities	12	14,587	14,266
Total liabilities		31,562	34,078
NET ASSETS		1,854,011	2,877,164
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,854,011	2,877,164
CONTINGENCIES AND COMMITMENTS	13		
NUMBER OF UNITS IN ISSUE		52,324,763	64,611,605
		-----Rupees-----	
NET ASSET VALUE PER UNIT		35.4328	44.5301

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

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For Al-Meezan Investment Management Limited
(Management Company)

 Chief Executive

 Chief Financial Officer

 Director

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

	Note	2019	2018
		----- Rupees in 000 -----	
Income			
Realised loss on sale of investments - net		(201,426)	(180,663)
Dividend income		97,359	127,013
Profit on balances with banks		39,304	27,095
		<u>(64,763)</u>	<u>(26,555)</u>
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(415,587)	(353,078)
Total loss		<u>(480,350)</u>	<u>(379,633)</u>
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	9.1	37,579	45,720
Sindh Sales Tax on remuneration of the Management Company	9.2	4,885	5,944
Allocated expenses	9.3	2,505	3,048
Selling and marketing expenses	9.4	10,021	12,192
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	3,505	4,026
Sindh Sales Tax on remuneration of the Trustee	10.2	456	523
Annual fees to the Securities and Exchange Commission of Pakistan	11	2,380	2,896
Brokerage expense		1,398	2,120
Auditors' remuneration	14	319	306
Amortisation of preliminary expenses and floatation costs	8	181	180
Printing expenses		11	88
Legal and professional charges		-	76
Fee and subscription charges		562	644
Bank and settlement charges		552	969
Charity expense	12.1	1,748	2,235
Total expenses		<u>(66,102)</u>	<u>(80,967)</u>
Net loss for the year before taxation		<u>(546,452)</u>	<u>(460,600)</u>
Taxation	17	-	-
Net loss for the year after taxation		<u>(546,452)</u>	<u>(460,600)</u>
Allocation of net income for the year			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
		<u>-</u>	<u>-</u>
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		<u>-</u>	<u>-</u>

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

Attestation

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

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



Meezan
Asset Allocation Fund

	2019	2018
	----- Rupees in 000-----	
Net loss for the year after taxation	(546,452)	(460,600)
Other comprehensive income / (loss) for the year	-	-
Total comprehensive loss for the year	<u>(546,452)</u>	<u>(460,600)</u>

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

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

Chief Executive

Chief Financial Officer

Director

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

	2019			2018		
	Capital Value	Accumulated losses	Total	Capital Value	Accumulated losses	Total
	----- Rupees in 000-----			----- Rupees in 000-----		
Net assets at beginning of the year	3,339,382	(462,218)	2,877,164	3,253,053	(1,618)	3,251,435
Issuance of 13,481,636 units (2018: 22,150,420 units)						
- Capital value (at net asset value per unit at the beginning of the year)	600,339	-	600,339	1,127,235	-	1,127,235
- Element of loss	(29,904)	-	(29,904)	(82,042)	-	(82,042)
Total proceeds on issuance of units	570,435	-	570,435	1,045,193	-	1,045,193
Redemption of 25,768,478 units (2018: 21,436,137 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,147,473	-	1,147,473	1,090,885	-	1,090,885
- Element of income	(100,337)	-	(100,337)	(132,021)	-	(132,021)
Total payments on redemption of units	1,047,136	-	1,047,136	958,864	-	958,864
Total comprehensive loss for the year	-	(546,452)	(546,452)	-	(460,600)	(460,600)
Distribution during the year	-	-	-	-	-	-
Net loss for the year less distribution	-	(546,452)	(546,452)	-	(460,600)	(460,600)
Net assets at end of the year	<u>2,862,681</u>	<u>(1,008,670)</u>	<u>1,854,011</u>	<u>3,339,382</u>	<u>(462,218)</u>	<u>2,877,164</u>
Accumulated losses brought forward						
- Realised (loss) / income		(109,140)			71,059	
- Unrealised loss		(353,078)			(72,677)	
		<u>(462,218)</u>			<u>(1,618)</u>	
Accounting income available for distribution						
- Relating to capital gains	-			-		
- Excluding capital gains	-			-		
	-			-		
Net loss for the year after taxation		(546,452)			(460,600)	
Distribution during the year		-			-	
Accumulated losses carried forward		<u>(1,008,670)</u>			<u>(462,218)</u>	
Accumulated losses carried forward						
- Realised loss		(593,083)			(109,140)	
- Unrealised loss		(415,587)			(353,078)	
		<u>(1,008,670)</u>			<u>(462,218)</u>	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		<u>44.5301</u>			<u>50.8900</u>	
Net assets value per unit at end of the year		<u>35.4328</u>			<u>44.5301</u>	

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

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For AI-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN ASSET ALLOCATION FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019



Meezan
Asset Allocation Fund

	Note	2019 (Rupees in '000)	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year before taxation		(546,452)	(460,600)
Adjustments for:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		415,587	353,078
Amortisation of preliminary expenses and floatation costs		181	180
		<u>(130,684)</u>	<u>(107,342)</u>
Decrease / (Increase) in assets			
Investments		568,872	(186,995)
Dividend receivable		521	4,736
Advances, deposits and other receivables		(1,760)	(958)
		<u>567,633</u>	<u>(183,217)</u>
(Decrease) / Increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(7,759)	1,937
Payable to Central Depository Company of Pakistan Limited - Trustee		193	(52)
Payable to the Securities and Exchange Commission of Pakistan		(516)	1,546
Payable against purchase of investments		(2,190)	2,190
Payable to Meezan Bank Limited		(9)	(2,297)
Accrued expenses & other liabilities		321	(62,410)
		<u>(9,960)</u>	<u>(59,086)</u>
Net cash generated from / (used in) operating activities		<u>426,989</u>	<u>(349,645)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		580,114	1,259,855
Payment against redemption and conversion of units		(1,039,692)	(982,789)
Dividend paid		-	(42,321)
Net cash (used in) / generated from financing activities		<u>(459,578)</u>	<u>234,745</u>
Net (decrease) / increase in cash and cash equivalents		<u>(32,589)</u>	<u>(114,900)</u>
Cash and cash equivalents at the beginning of the year		454,128	569,028
Cash and cash equivalents at the end of the year	5	<u><u>421,539</u></u>	<u><u>454,128</u></u>

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

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For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Asset Allocation Fund was established under a trust deed executed between Al Meezan Investment Management Company (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed on November 25, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations). The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at Ground floor Block B, Finance Trade Centre (FTC), Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The objective of the Fund is to earn potentially high return through asset allocation between Shariah Compliant Equity Instruments, Shariah Compliant Fixed Income Instruments, Shariah Compliant Money Market Instruments and any other Shariah Compliant instruments as permitted by the SECP and the Shariah Advisor. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah Compliant Asset Allocation Scheme. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4** The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

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

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

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

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

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

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

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

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These standards may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these standards on the financial statements of the Fund.

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2019 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

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

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

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

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3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Debt instruments

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

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

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

4.3.1.2 Equity instruments

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

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

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

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

4.3.2 Impairment

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

4.3.3 Impairment loss on debt securities

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

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

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4.3.4 Regular way contracts

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

4.3.5 Initial recognition and measurement

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

4.3.6 Derecognition

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

4.3.7 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement, on the date when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend.
- Income on sukuk certificates, term deposit receipts and government securities is recognized on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- Profit on saving accounts with bank is recognised on a time proportion basis using the effective yield method.

4.12 Expenses

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

4.13 Preliminary expenses and floatation costs

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

4.14 Taxation

Current

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

Deferred

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

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

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

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

4.15 Earnings / (loss) per unit

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

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

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4.16 Foreign currency translation

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

5 BALANCES WITH BANKS

Note	2019	2018
	----- Rupees in 000-----	
Balances with banks in:		
Savings accounts	419,654	449,911
Current account	1,885	4,217
	<u>421,539</u>	<u>454,128</u>

5.1 The balances in saving accounts of the Fund carry profit rates ranging from 3.32% - 12.35% per annum (2018: 2% to 6.55% per annum).

6 INVESTMENTS

Note	2019	2018
	----- Rupees in 000-----	
Investment at 'fair value through profit or loss'		
Listed equity securities	<u>1,448,626</u>	<u>2,433,085</u>

6.1 Investments in equity securities - listed

Shares of listed companies - fully paid up ordinary shares with a face value of Rs. 10 each unless stated other wise.

Name of the investee company	As at July 1, 2018	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to		
									Net assets of the Fund	Paid up capital of investee company (with face value of investment)	Total market value of investments
	----- Number of shares -----					----- (Rupees in '000) -----			----- % -----		
Automobile Assembler											
Honda Atlas Cars (Pakistan) Limited	74,000	84,000	-	156,200	1,800	551	267	(284)	0.01	-	0.02
Pak Suzuki Motors Company Limited	15,000	15,000	-	30,000	-	-	-	-	-	-	-
Ghandhara Industries Limited	50,000	50,000	50,000	95,000	55,000	19,434	4,805	(14,629)	0.26	0.13	0.33
Millat Tractors Limited	-	5,000	-	-	5,000	4,414	4,312	(102)	0.23	0.01	0.30
									0.50	0.14	0.65
Automobile Parts & Accessories											
Ghandhara Nissan Limited	131,098	131,098	-	262,196	-	-	-	-	-	-	-
Chemicals											
Engro Polymer & Chemicals Limited	1,113,000	1,388,000	411,761	1,802,000	1,110,761	33,932	29,946	(3,986)	1.62	0.12	2.07
ICI Pakistan Limited	65,800	88,100	-	73,250	80,650	61,402	42,944	(18,458)	2.32	0.09	2.96
Sitara Peroxide Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
									3.94	0.21	5.03
Cement											
Cherat Cement Company Limited	256,000	256,000	-	512,000	-	-	-	-	-	-	-
Dewan Cement Limited	450,000	450,000	-	900,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	489,000	552,000	-	912,000	129,000	12,160	7,294	(4,866)	0.39	0.03	0.50
Fauji Cement Company Limited	-	1,455,000	-	1,455,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	150,000	191,000	45,000	161,000	225,000	20,565	11,819	(8,746)	0.64	0.11	0.82
Lucky Cement Limited	337,900	495,900	-	529,100	304,700	147,461	115,929	(31,532)	6.25	0.09	8.00
Maple Leaf Cement Factory Limited	384,112	484,112	-	857,112	11,112	576	265	(311)	0.01	-	0.02
Pioneer Cement Limited	45,500	45,500	-	90,500	500	23	11	(12)	-	-	-
									7.29	0.23	9.34
Engineering											
Crescent Steel and Allied Products Limited	70,800	70,800	-	141,600	-	-	-	-	-	-	-
International Industries Limited	120,000	147,500	-	160,000	107,500	22,459	8,285	(14,174)	0.45	0.09	0.57
International Steels Limited	244,000	394,000	-	533,000	105,000	4,439	4,170	(269)	0.22	0.02	0.29
Mughal Iron & Steel Industries Limited	35,000	35,000	-	70,000	-	-	-	-	-	-	-
									0.67	0.11	0.86

All in

Name of the investee company	As at July 1, 2018	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to			
									Net assets of the Fund	Paid up capital of investee company (with face value of investment)	Total market value of investments	
Number of shares						(Rupees in '000)		%				
Investment Banks / Investment Companies / Securities Companies												
Dawood Hercules Corporation Limited	180,000	246,000	-	426,000	-	-	-	-	-	-	-	
Fertilizer												
Engro Corporation Limited	722,000	722,000	55,400	890,000	609,400	173,878	161,857	(12,021)	8.73	0.11	11.17	
Engro Fertilizers Limited	2,115,000	2,115,000	-	2,485,000	1,745,000	130,718	111,628	(19,090)	6.02	0.13	7.71	
									14.75	0.24	18.88	
Food And Personal Care Products												
Engro Foods Limited	700	700	-	700	700	62	41	(21)	-	-	-	
Al- Shaheer Corporation Limited	3,750	3,750	-	3,750	3,750	102	47	(55)	-	-	-	
At-Tahur Limited	-	764,857	-	764,857	-	-	-	-	-	-	-	
Oil And Gas Exploration Companies												
Oil and Gas Development Company Limited	2,083,300	2,383,300	-	3,146,800	1,319,800	200,534	173,541	(26,993)	9.36	0.03	11.98	
Mari Petroleum Company Limited	38,460	55,200	5,520	38,460	60,720	83,038	61,287	(21,751)	3.31	0.05	4.23	
Pakistan Oilfields Limited	81,000	184,100	13,800	184,950	93,950	40,928	38,133	(2,795)	2.06	0.03	2.63	
Pakistan Petroleum Limited	874,600	1,084,600	131,190	929,000	1,161,390	213,543	167,740	(45,803)	9.05	0.05	11.58	
									23.78	0.16	30.42	
Oil And Gas Marketing Companies												
Hascol Petroleum Limited	229,400	239,400	87,275	254,400	301,675	68,738	20,701	(48,037)	1.12	0.15	1.43	
Hi-Tech Lubricants Limited	213,900	213,900	-	427,800	-	-	-	-	-	-	-	
Sui Northern Gas Pipelines Limited	1,636,400	2,129,400	-	2,448,400	1,317,400	121,164	91,546	(29,618)	4.94	0.21	6.32	
Sui Southern Gas Company Limited	780,000	780,000	-	1,560,000	-	-	-	-	-	-	-	
Pakistan State Oil Company Limited	412,540	437,540	82,508	609,240	323,348	85,425	54,850	(30,575)	2.96	0.08	3.79	
									9.02	0.44	11.54	
Paper and Board												
Cherat Packaging Limited	11,350	20,050	1,702	11,350	21,752	3,127	1,754	(1,373)	0.09	0.06	0.12	
Packages Limited	102,900	102,900	-	154,450	51,350	25,147	15,434	(9,713)	0.83	0.06	1.07	
									0.92	0.12	1.19	
Glass & Ceramics												
Tariq Glass Industries Limited	-	10,000	-	-	10,000	1,000	766	(234)	0.04	0.01	0.05	
Pharmaceuticals												
Abbott Laboratories (Pakistan) Limited	19,050	19,050	-	38,050	50	34	24	(10)	-	-	-	
AGP Limited	422,500	422,500	-	556,000	289,000	25,660	19,805	(5,855)	1.07	0.10	1.37	
GlaxoSmithKline Consumer Healthcare Pakistan Limited	97,000	97,000	-	147,000	47,000	19,036	9,070	(9,966)	0.49	0.04	0.63	
GlaxoSmithKline Pakistan Limited	10,600	10,600	-	21,200	-	-	-	-	-	-	-	
The Searle Company Limited	218,304	228,304	32,745	346,504	132,849	38,751	19,470	(19,281)	1.05	0.06	1.34	
									2.61	0.20	3.34	
Power Generation And Distribution												
K-Electric Limited (face value Rs. 3.5)	12,355,000	12,955,000	-	13,355,000	11,955,000	68,282	52,482	(15,800)	2.83	0.12	3.62	
The Hub Power Company Limited	738,200	853,200	89,312	738,200	942,512	81,251	74,223	(7,028)	4.00	0.08	5.12	
									6.83	0.20	8.74	
Refinery												
National Refinery Limited	24,000	24,000	-	48,000	-	-	-	-	-	-	-	
Textile Composite												
Nishat Mills Limited	457,000	572,000	-	630,600	398,400	56,286	37,187	(19,099)	2.01	0.11	2.57	
Kohinoor Textile Mills Limited	-	100,000	-	100,000	-	-	-	-	-	-	-	
Feroze1888 Mills Limited	-	185,000	-	54,000	131,000	8,646	13,214	4,568	0.71	0.03	0.91	
Interloop Limited	-	724,712	-	-	724,712	33,409	32,083	(1,326)	1.73	0.08	2.21	
									4.45	0.22	5.69	
Commercial Banks												
Meezan Bank Limited (an associate)	410	776,410	56,036	304,410	528,446	42,375	46,059	3,684	2.48	0.04	3.18	

All in

Name of the investee company	As at July 1, 2018	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to		
									Net assets of the Fund	Paid up capital of investee company (with face value of investment)	Total market value of investments
	----- Number of shares -----					----- (Rupees in '000) -----			----- % -----		
Technology and Communication											
Pakistan Telecommunication Company Limited	-	100,000	-	-	100,000	850	827	(23)	0.04	-	0.06
Systems Limited	70,000	86,000	7,200	84,000	79,200	7,364	7,601	237	0.41	0.06	0.52
Avanceon Limited	30,000	130,000	42,000	55,000	147,000	7,449	7,209	(240)	0.39	0.08	0.51
									0.84	0.14	1.09
Vanaspati & Allied Industries											
Unity Foods Limited	250,000	250,000	-	500,000	-	-	-	-	-	-	-
Right Shares											
Engro Polymer & Chemicals Limited*	411,810	-	-	411,810	-	-	-	-	-	-	-
The Hub Power Company Limited*	-	-	89,312	89,312	-	-	-	-	-	-	-
Total as at June 30, 2019						1,864,213	1,448,626	(415,587)	78.12		100
Total as at June 30, 2018						2,786,163	2,433,085	(353,078)	-		

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

6.1.1 Investments include 105,000 shares (June 30, 2018: 105,000 shares) of Engro Corporation Limited having market value of Rs 27.89 million as at June 30, 2019 (June 30, 2018: Rs 32.96 million) which have been pledged with National Clearing Company Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by SECP.

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

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

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

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

As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.209 million (2018: 2.080 million).

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6.2	Unrealised diminution on re-measurement of investments classified as Financial assets at fair value through profit or loss	Note	2019 ----- Rupees in 000-----	2018
	Market value of investments	6.1	1,448,626	2,433,085
	Carrying value of investments	6.1	(1,864,213)	(2,786,163)
			<u>(415,587)</u>	<u>(353,078)</u>

7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposit with Central Depository Company of Pakistan Limited		100	100
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Advance against Initial Public Offer subscription		-	500
Profit receivable on saving accounts with banks		4,724	2,464
Advance tax	7.1	<u>2,470</u>	<u>2,470</u>
		<u>9,794</u>	<u>8,034</u>

- 7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on dividends amounts to Rs. 2.470 million.

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

8	PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2019 -----Rupees in 000-----	2018
	At the beginning of the year		507	687
	Amortisation during the year	8.1	(181)	(180)
	At the end of the year		<u>326</u>	<u>507</u>

- 8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund i.e. April 21, 2016 restricted to one percent of Pre-IPO capital, and are being amortised over a period of five years in accordance with the trust deed of the Fund.

9	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED- MANAGEMENT COMPANY	Note	2019 -----Rupees in 000-----	2018
	Management fee payable	9.1	2,383	3,621
	Sindh Sales Tax payable on remuneration of the Management Company	9.2	310	471
	Allocated expenses payable	9.3	159	241
	Sales Load Payable		16	212
	Sindh Sales Tax Payable on Sales Load		2	28
	Selling and marketing expenses payable	9.4	<u>2,044</u>	<u>8,100</u>
			<u>4,914</u>	<u>12,673</u>

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- 9.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of asset allocation schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1.5% per annum of the average net assets of the Fund during the year June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.
- 9.2** During the year, an amount of Rs 4.885 million (2018: Rs.5.944 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs.5.046 million (2018: Rs. 5.989 million) has been paid to the Management company which acts as a collecting agent.
- 9.3** Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.
- However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.
- 9.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 0.4% per annum of the net assets of the fund or actual expenses whichever is lower. Accordingly, such expenses have been charged to the Fund at the rate of 0.4% of the net assets of the Fund being lower than actual expenses incurred.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2019	2018
			-----Rupees in 000-----	
	Trustee fee payable	10.1	472	301
	Sindh Sales Tax payable on trustee fee	10.2	61	39
			<u>533</u>	<u>340</u>

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

On net assets:

- up to Rs. 1 billion Rs. 0.7 million or 0.2% per annum of net assets, whichever is higher.
- exceeding Rs. 1 billion Rs. 2.0 million plus 0.1% per annum of net assets exceeding Rs. 1 billion.

- 10.2** During the year, an amount of Rs 0.456 million (2018: Rs.0.523 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs.0.434 million (2018: Rs. 0.529 million) was paid to the Trustee which acts as a collecting agent.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019	2018
			-----Rupees in 000-----	
	Auditors' remuneration payable		195	270
	Brokerage payable		1,455	745
	Shariah advisor fee payable		266	269
	Charity Payable	12.1	1,933	2,186
	Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	12.2	482	482
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load		145	145
	Withholding tax payable		26	28
	Capital gain tax payable		1	4
	Provision for Sindh Workers' Welfare Fund	12.3	10,080	10,080
	Zakat payable		4	57
			<u>14,587</u>	<u>14,266</u>

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

According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 1.933 million (June 30, 2018: Rs 2.186 million) is outstanding in this regard.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 0.627 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.01 (June 30, 2018: Re. 0.01) per unit.

- 12.3** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.19 per unit (2018: Re. 0.16 per unit).

13 CONTINGENCIES AND COMMITMENTS

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

14 AUDITORS' REMUNERATION

	2019	2018
	-----Rupees in 000-----	
Annual audit fee	212	212
Half yearly review	87	75
Out of pocket expenses	20	19
AU 1	<u>319</u>	<u>306</u>



15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 2.63% which includes 0.31% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Asset Allocation scheme.

16 PERFORMANCE TABLE

	2019	2018	2017
Net assets (Rs in '000) (ex-distribution)	1,854,011	2,877,164	3,251,435
Net assets value / redemption price per unit as at 30 June (Rs.) (ex-distribution)	35.432764	44.5301	50.89
Offer price per unit as at June 30 (Rs.) (ex-distribution)	35.4328	46.0397	52.62
Highest offer price per unit (Rs.)	47.40	53.39	70.17
Lowest offer price per unit (Rs.)	35.53	42.78	52.62
Highest redemption price per unit (Rs.)	45.85	51.64	67.87
Lowest redemption price per unit (Rs.)	34.36	41.38	50.89
Distribution (%)	N/A	N/A	19
Date of distribution	N/A	N/A	June 23, 2017
Total return (%)	(20.04)	(12.50)	18.10
	One Year	Two Year	Three Year
Average annual return (%) as at June 30, 2019	(20.04)	(16.35)	(6.16)

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

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate as described in Note 20.

17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

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

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

18.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

AU / 12

For the year ended June 30,

Al Meezan Investment Management Company (Management Company)

Central Depository Company Pakistan Limited (Trustee)

ALL 12

For the year ended June 30,

 2019 2018
 (Rupees in '000)

Meezan Bank Limited

Profit on savings account	1,081	3,009
Issue of 776,410 (2018: 104,410) units	68,351	7,596
Bonus of 56,036 (2018: Nil) units	-	-
Redemption of 304,410 (2018: 104,000) units	27,517	7,454
Dividend income	1,343	180

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

Issue of 1,214,365 units (2018: 1,077 units)	50,988	50
Redemption of 1,186,135 units (2018: 20,810 units)	42,665	956

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

19 FINANCIAL INSTRUMENTS BY CATEGORY
Financial assets

Balances with banks	421,539	-	421,539
Investments	-	1,448,626	1,448,626
Receivable against conversion of units	-	-	-
Dividend receivable	5,288	-	5,288
Deposits and other receivables	7,324	-	7,324
	434,151	1,448,626	1,882,777

2019		
At amortised cost	At fair value through profit or loss	Total
Rupees '000		
421,539	-	421,539
-	1,448,626	1,448,626
-	-	-
5,288	-	5,288
7,324	-	7,324
434,151	1,448,626	1,882,777

Financial liabilities

Payable to Al Meezan Investment Management Company - Management Company	-	4,914	4,914
Payable to Central Depository Company Of Pakistan Limited- Trustee	-	533	533
Payable against redemption and conversion of units	-	9,113	9,113
Payable against purchase of investments	-	-	-
Payable to Meezan Bank Limited	-	35	35
Accrued expenses and other liabilities	-	3,849	3,849
	-	18,444	18,444

2019		
At fair value through profit or loss	At amortised cost	Total
Rupees '000		
-	4,914	4,914
-	533	533
-	9,113	9,113
-	-	-
-	35	35
-	3,849	3,849
-	18,444	18,444

Financial assets

Balances with banks	454,128	-	454,128
Investments	-	2,433,085	2,433,085
Receivable against conversion of units	9,679	-	9,679
Dividend receivable	5,809	-	5,809
Deposits and other receivables	5,564	-	5,564
	475,180	2,433,085	2,908,265

AU / L

2018		
At amortised cost	At fair value through profit or loss	Total
Rupees '000		
454,128	-	454,128
-	2,433,085	2,433,085
9,679	-	9,679
5,809	-	5,809
5,564	-	5,564
475,180	2,433,085	2,908,265

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

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

Financial liabilities

Payable to Al Meezan Investment management Company - Management Company	-	12,673	12,673
Payable to Central Depository Company Of Pakistan Limited- Trustee	-	340	340
Payable against redemption and conversion of units	-	1,669	1,669
Payable against purchase of investments	-	2,190	2,190
Payable to Meezan Bank Limited	-	44	44
Accrued expenses and other liabilities	-	3,470	3,470
	-	20,386	20,386

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

20.1 Market risk

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

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

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

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 4.20 million (2018: Rs. 4.50 million).

b) Sensitivity analysis for fixed rate instruments

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

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

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

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

AM 1 W

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

Rupees in 000

Financial assets

Balances with banks	3.32% - 12.35%	419,654	-	-	1,885	421,539
Investments		-	-	-	1,448,626	1,448,626
Receivable against conversion of units		-	-	-	-	-
Dividend receivable		-	-	-	5,288	5,288
Deposits and other receivables		-	-	-	7,324	7,324
		419,654	-	-	1,463,123	1,882,777

Financial liabilities

Payable to Al Meezan Asset Management Company - Management Company		-	-	-	4,914	4,914
Payable to Central Depository Company Pakistan Limited - Trustee		-	-	-	533	533
Payable against redemption and conversion of units		-	-	-	9,113	9,113
Payable against purchase of investments		-	-	-	-	-
Payable to Meezan bank		-	-	-	35	35
Accrued expenses and other liabilities		-	-	-	3,849	3,849
		-	-	-	18,444	18,444

On-balance sheet gap (a)

419,654	-	-	1,444,679	1,864,333
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Off-balance sheet financial instruments

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

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

419,654	-	-		
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Cumulative profit rate sensitivity gap

419,654	419,654	419,654		
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2018					
Effective Yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

Rupees in 000

Financial assets

Balances with banks	2% - 6.55%	449,911	-	-	4,217	454,128
Investments		-	-	-	2,433,085	2,433,085
Receivable against conversion of units		-	-	-	9,679	9,679
Dividend receivable		-	-	-	5,809	5,809
Deposits and other receivables		-	-	-	5,564	5,564
		449,911	-	-	2,458,354	2,908,265

Financial liabilities

Payable to Al Meezan Asset Management Company - Management Company		-	-	-	12,673	12,673
Payable to Central Depository Company Pakistan Limited - Trustee		-	-	-	340	340
Payable against redemption and conversion of units		-	-	-	1,669	1,669
Payable against purchase of investments		-	-	-	2,190	2,190
Payable to Meezan bank		-	-	-	44	44
Accrued expenses and other liabilities		-	-	-	3,470	3,470
		-	-	-	20,386	20,386

On-balance sheet gap (a)

449,911	-	-	2,437,968	2,887,879
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Off-balance sheet financial instruments

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

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

449,911	-	-		
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Cumulative profit rate sensitivity gap

449,911	449,911	449,911		
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(ii) Currency risk

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

(iii) Price risk

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

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

In case of 1% increase / decrease in 30 KSE index on June 30, 2019, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 14.486 million (2018: Rs. 24.331 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as available-for-sale or financial assets at fair value through profit or loss.

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

20.2 Liquidity risk

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

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

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

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

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

ALL

2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in 000-

Financial assets

Balances with banks	421,539	-	-	-	-	421,539
Investments	-	-	-	-	1,448,626	1,448,626
Receivable against conversion of units	-	-	-	-	-	-
Dividend receivable	5,288	-	-	-	-	5,288
Deposits and other receivables	7,324	-	-	-	-	7,324
	434,151	-	-	-	1,448,626	1,882,777

Financial liabilities

Payable to AI Meezan Management Company Limited- Management Company	4,914	-	-	-	-	4,914
Payable to Central Depository Company Of Pakistan Limited - Trustee	533	-	-	-	-	533
Payable against redemption and conversion of units	9,113	-	-	-	-	9,113
Payable against purchase of investments	-	-	-	-	-	-
Accrued expenses and other liabilities	1,455	2,394	-	-	-	3,849
Payable to Meezan bank	35	-	-	-	-	35
	16,050	2,394	-	-	-	18,444

Net assets / (liabilities)

	418,101	(2,394)	-	-	-	1,448,626	1,864,333
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2018						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in 000-

Financial assets

Balances with banks	454,128	-	-	-	-	454,128
Investments	-	-	-	-	2,433,085	2,433,085
Receivable against conversion of units	9,679	-	-	-	-	9,679
Dividend receivable	5,809	-	-	-	-	5,809
Deposits and other receivables	5,564	-	-	-	-	5,564
	475,180	-	-	-	2,433,085	2,908,265

Financial liabilities

Payable to AI Meezan Investment Management Company - Management Company	12,673	-	-	-	-	12,673
Payable to Central Depository Company Of Pakistan Limited - Trustee	340	-	-	-	-	340
Payable against redemption and conversion of units	1,669	-	-	-	-	1,669
Accrued expenses and other liabilities	745	2,725	-	-	-	3,470
Payable against purchase of investment	2,190	-	-	-	-	2,190
Payable to Meezan bank	44	-	-	-	-	44
	17,661	2,725	-	-	-	20,386

Net assets / (liabilities)

	457,519	(2,725)	-	-	-	2,433,085	2,887,879
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20.3 Credit risk

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

	2019		2018	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
-----Rupees '000-----				
Balances with banks	421,539	421,539	454,128	454,128
Investments	1,448,626	-	2,433,085	-
Receivable against conversion of units	-	-	9,679	9,679
Dividend receivable	5,288	5,288	5,809	5,809
Deposits and other receivables	7,324	7,324	5,564	5,564
	<u>1,882,777</u>	<u>434,151</u>	<u>2,908,265</u>	<u>475,180</u>

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs. 1.449 million (2018: Rs. 2.433 million) is not exposed to credit risk.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued thereon, dividend receivable and receivable against sale of units and against investments.

	2019 (Percentage)	2018 (Percentage)
AA+	4.66	28.40
AA	28.64	-
AA-	-	16.30
A+	66.70	55.30
	<u>100.00</u>	<u>100.00</u>

20.3.3 Concentration of credit risk

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

21 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

AU 1.1

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

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

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

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

Financial assets 'at fair value through profit or loss'

Shares of listed companies - 'ordinary shares'

2019		
Level 1	Level 2	Level 3
(Rupees in 000')		

1,448,626	-	-
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Financial assets 'at fair value through profit or loss'

Shares of listed companies - 'ordinary shares'

2018		
Level 1	Level 2	Level 3
(Rupees in 000')		

2,433,085	-	-
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22 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

23 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	Number of unit holders	Investment amount	Percentage of total (%)	Number of unit holders	Investment amount	Percentage of total (%)
	(Rupees in 000')			(Rupees in 000')		
Individuals	1,848	970,827	52.36	2,367	1,734,562	60.30
Insurance Companies	1	5,525	0.30	1	2,337	0.08
Banks and DFIs	-	-	-	1	34	-
Private Companies	11	164,397	8.87	10	57,948	2.01
Retirement Funds	31	484,189	26.11	36	625,511	21.74
Public Limited Companies	-	-	-	2	152,892	5.31
Others	25	229,073	12.36	15	303,880	10.56
	1,916	1,854,011	100.00%	2,432	2,877,164	100.00%

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24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
BMA Capital Management Limited	11.51%	Foundation Securities (Private) Limited	11.67%
Top Line Securities (Private) Limited	9.34%	Alfalah Securities (Private) Limited	11.48%
Foundation Securities (Private) Limited	7.02%	Top Line Securities (Private) Limited	8.80%
Intermarket Securities Limited	5.80%	JS Global Capital Limited.	8.74%
Taurus Securities Limited	5.37%	Fawad Yusuf Securities (Private) Limited	7.71%
Invest & Finance Securities Limited	5.23%	Invest & Finance Securities Limited	6.87%
AKD Securities Limited	4.90%	AKD Securities Limited	6.26%
Alfalah Securities (Private) Limited	4.85%	Arif Habib Limited.	4.01%
Aba Ali Habib Securities (Private) Limited	4.79%	Insight Securities (Private) Limited	3.58%
Optimus Capital Management Limited	4.34%	Optimus Capital Management (Private) Limited	3.52%

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

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

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

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

* Mr. Atif Azim resigned on May 07, 2019

27 CORRESPONDING FIGURES

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

28 DATE OF AUTHORISATION FOR ISSUE

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

29 GENERAL

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

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For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director