AL MEEZAN INVESTMENTS
Pure. Profit.
CELEBRATING
25
YEARS OF
INNOVATIVE INVESTMENT SOLUTIONS
Meezan Islamic Fund
Al Meezan Mutual Fund
KSE-Meezan Index Fund
Meezan Energy Fund
Meezan Balanced Fund
Meezan Asset Allocation Fund
Meezan Dedicated Equity Fund
Meezan Gold Fund
Meezan Islamic Income Fund
Meezan Sovereign Fund
Meezan Cash Fund
Meezan Rozana Amdani Fund
Meezan Financial Planning Fund of Fund
Meezan Strategic Allocation Fund
Meezan Strategic Allocation Fund II
Meezan Strategic Allocation Fund III
Meezan Tahaffuz Pension Fund

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• FUND INFORMATION	33	73	113	150	187	231	270	308	341	382	418	455	491	533	578	621	653
• REPORT OF THE FUND MANAGER	34	74	114	151	188	232	271	309	342	383	419	456	492	534	579	662	654
• REPORT OF THE SHARI'AH ADVISOR	38	78	118	155	192	236	275	312	345	386	422	459	496	538	583	625	658
• TRUSTEE REPORT TO THE UNITHOLDERS	40	80	120	157	194	238	277	313	346	387	423	460	497	539	584	626	660
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WHO WE ARE

We began our journey in 1995. The objective of the journey was simple, to bring Shariah compliant investment options to the people of Pakistan. In over **25 years** since then, Al Meezan Investment Management Limited, due to the trust our customers hold in us, has now become the Largest Shariah compliant Asset Manager in Pakistan. With an innate culture of innovation and the purpose of making Shariah compliant investing every Pakistani's first investment avenue of choice, Al Meezan has achieved assets under management base of over Rs. 152 Billion (as on June 30, 2020).

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

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

Our Core Values are the 5 pillars of our foundation.

They reflect and reinforce our character and standing as an organization. These values depict the paradigm of our internal and external expectations: Our dealings with members of the organization, our customers, the shareholders & the communities we serve. Our corporate culture is based on these values and serves as a beacon of guidance for all our employees.

Our values are not about what we do or how we do it infact they are about who we are and why we exist. These values, which fuel our drive to achieve newer milestones at every step of our journey to success are:

Shariah Compliance

We ensure that all business operations and activities are Shariah compliant. As a Shariah Compliant entity we are also accountable for ensuring that rulings and decisions made by the regulators, Shariah Board and Shariah Advisors are complied with across the organization.

Ethical Standards

We practice high ethical standards at work and in our services. Maintaining high ethical standards in the workplace translates in prioritizing the interest of the client, acting with integrity, competence and diligence, and respecting our dealings with the public, clients, prospective clients and colleagues.

Professional Excellence

Professional excellence is about achieving excellence as an employee. It is at the core of being a "professional." Ensuring our approach to work and the people we work with – supervisors, colleagues and / or customers – is in a professional & respectful manner.

Social Responsibility

We work in an ethical framework, which suggests that as an entity we have an obligation to act for the benefit of our society at large. We want to contribute towards sustainable development not only through our products but also through the way we conduct business.

Service Excellence

Service excellence is an attitude engrained in every department and employee. From support staff to the CEO, we simply go beyond delivering products and helping customers achieve their financial objectives. It is essential that we provide a unique customer experience by proactively anticipating and exceeding customers' needs every time. Excellence is a consistent, premium service at every point of contact which is set by our service-oriented tone that drives our company's strategy at every level.

VISION

To make Shariah Compliant investing a first choice for investors.

MISSION

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

MILESTONES FOR FY 2020

Launch of
Al Meezan's All New
Mobile Application

Largest Fund Manager
in Pakistan with
AUMs of Over 150 Billion as
on June 30,2020

Launch of
Sales
Application

Over **120,000**
Customers
(as on June 30, 2020)

Launch of
Online Account
Opening

27 Branches Nationwide
Number of New
Branches: 2

Launch of
Tele Transaction
Service

Maintained AM1 Rating,
Highest Management Quality Rating
in Pakistan by VIS AND PACRA

Total number of
Transactions
done in the
Year: 1,346,172

BOARD OF DIRECTORS

Mr. Ariful Islam
Chairman

Mr. Ariful Islam is the Deputy CEO at Meezan Bank Limited, the premier Islamic financial institution in Pakistan with over 33 years of experience with various Banks and in Bahrain and Pakistan.

He is a qualified Chartered Accountant from the Institute of Chartered Accountants of England and Wales and a fellow member of the Institute of Chartered Accountants of Pakistan.

He has also worked with KPMG (formerly Peat Marwick Mitchell & Co.) prior to his banking career.

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

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

Mr. Mohammad Shoaib, CFA
Chief Executive Officer

Mr. Mohammad Shoaib, CFA is the Chief Executive Officer of Al Meezan Investment Management Limited, the largest Shariah compliant asset management company in Pakistan. He has over 28 years of experience in managing investment portfolios. Currently with Al Meezan Investments he is managing investments of over Rs. 152 billion (as on June 30, 2020) under 17 mutual/pension funds and discretionary clients' portfolios, and leading a team of 630 employees of the organization.

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

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

Mr. Muhammad Abdullah Ahmed
Nominee Director – MBL

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

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

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

Mr. Mohammad Furquan R. Kidwai
Independent Director

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

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

Mr. Ijaz Farooq
Nominee Director – MBL

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

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

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

Ms. Saima Shaukat Khan (Kamila)
Independent Director

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

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

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

Mr. Moin M. Fudda
Independent Director

Mr. Moin M. Fudda has over 40 years of rich and unique blend of professional experience which encompasses working for the corporate sector and performing diplomatic duties.

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

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

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

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

Annual Report 2020

Mr. Arshad Majeed
Nominee Director - MBL

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

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

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

Mr. Naeem Abdul Sattar
Nominee Director – PKIC

Mr. Naeem Sattar is currently working as Company Secretary of Pakistan Kuwait Investment Co. Pvt Ltd. He is a Fellow Member of the Institute of Cost and Management Accountant of Pakistan and has over 15 years of experience in the financial sector.

His work experience includes the fields of Accounting, Taxation, Budgeting, and Corporate Secretarial affairs. He has also worked with M/s. A. F. Ferguson & Co – Chartered Accountants.

Mr. Syed Amir Ali Zaidi
Nominee Director – PKIC

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

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

Directors' Report –
Funds Under Management Company

The Board of Directors of Al Meezan Investment Management Limited is pleased to present the financial statements of the following open end funds and a voluntary pension scheme for the year ended June 30, 2020.

Equity Funds

- Meezan Islamic Fund
- Al Meezan Mutual Fund
- KSE-Meezan Index Fund
- Meezan Dedicated Equity Fund

Sector Specific Fund

- Meezan Energy Fund

Income Funds

- Meezan Islamic Income Fund
- Meezan Sovereign Fund

Money Market Fund

- Meezan Cash Fund
- Meezan Rozana Amdani Fund

Balanced Fund

- Meezan Balanced Fund

Funds of Funds

- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- Meezan Strategic Allocation Fund-II
- Meezan Strategic Allocation Fund-III

Commodity Fund

- Meezan Gold Fund

Asset Allocation Fund

- Meezan Asset Allocation Fund (MAAF)

Pension Fund

- Meezan Tahaffuz Pension Fund

Economic Review

The economy continued to face challenges in the outgoing Fiscal Year 2020, with a negative real GDP of 0.4% as against a target of 2.4%. The year started off with finalization of the IMF program and the government taking successful measures to help stabilize the economy and put the country on a growth path. The outbreak of COVID-19 has, however, hampered the economic activity across the world. To alleviate the adverse economic impact of the pandemic, government has taken measures both on the fiscal and monetary front. The Federal government has announced a Rs. 1.2 trillion relief package to

support the economy, while the State Bank of Pakistan (SBP) has allowed for deferral of principal repayments for one year and has also provided concessional financing for employee retention and capital financing purposes. The government has also received financial support in the form of deferment of debt repayment from G-20 countries and loans from multilateral agencies to provide the much-required budgetary support to fight off adverse economic impact of the pandemic.

Average national CPI for FY20 stands at 10.7% YoY. Monthly CPI Inflation peaked in Jan-20 to 14.6% YoY, while a notable decline followed as CPI in Jun-20 dipped to 8.6% YoY. The inflation outlook has improved in light of the recent deceleration in domestic food prices, sharp fall in global oil prices, and a slowdown in external and domestic demand due to the pandemic. Inflation outlook for fiscal year 2021 remains in the range of 7-9%, but supply-side shocks due to locust attack and demand surge in the second half of the year might create some volatility. In the wake of falling imported inflation and central bank's aim to stimulate the economy by bringing forward real interest rate to zero, SBP since March 20 slashed policy rate by a cumulative 625bps in five tranches to 7.0%. Development on the fiscal side has continued to gain traction on account of broad-based taxation reforms and strict control over non-development expenditures. In FY20, FBR surpassed its revised tax collection target by 4.3% YoY to Rs. 3,989 billion, but much lower than its pre-COVID target. On the expenditure side, apart from a hefty rise in debt servicing, PSDP spending was revised down to Rs. 645 billion during FY20 compared to Rs 678 billion in the year before, with fiscal deficit for FY20 clocking in at 9.1% of GDP. On the financing side, federal government debt increased by Rs. 2.7 trillion in 11MFY20 to Rs. 34.5 trillion, with almost all of this increase coming from funds raised through PIBs and saving schemes.

The external sector continued to improve substantially with a sizeable reduction in the Current Account Deficit (CAD) from USD 13.43 billion in FY19 to USD 2.97 billion in FY20, a decrease of 78% YoY. This contraction was attributable to the decline in trade deficit of 30% to USD 22.75 billion in FY20 as imports fell by 19% to USD 50.70 billion; exports, in comparison, decreased by a lower 8% to USD 27.95 billion mainly due to lockdown in the last quarter of FY20. Disbursement under the IMF along with inflows from other multilateral partners and reduction in current account deficit (CAD) helped SBP foreign exchange reserves improve to around USD 12 billion at FY20 end, showing a substantial gain from the USD 7.3 billion number at the end of FY19. Exchange rate during FY20, for the most part, remained largely stable and slightly appreciated versus USD, however since Mar-20, Pak Rupee depreciated against US dollar on account of outflows of foreigners from debt market and decline in interest rate. During FY20, Pak Rupee depreciated by 5% and closed at with PKR/USD exchange rate of PKR 168/ USD on June-20.

Money Market Review

Fiscal Year 2020 started with a peaked out interest rate, whereby policy rate touched its highest level of 13.25% in July 2019 (highest since July 2011:13.50%). The policy rate upheld this level for eight months of the fiscal year, due to rising inflation in the country mainly fueled by higher food and oil prices. However, due to sudden worldwide outbreak of the pandemic (COVID-19) and its unprecedented negative impact on Pakistan's economy, the Central Bank shifted its stance towards aggressive monetary easing whereby slashing the policy rate by a cumulative 625 bps and bring it down to 7.0% by the end of FY 2020. The Central Bank's decision is attributable to an improved inflation outlook and increasing downside risks to growth. In other words, the main concern shifted from high inflation to subdued or negative growth anticipated in view of global slowdown due to pandemic.

During the period under review, KIBOR rates witnessed a steep decline, whereby 3-months, 6-months and 12-months KIBOR rates were down by 571 bps, 587 bps and 628 bps, respectively; the rates clocking in at 7.26%, 7.24%, and 7.35%. On the other hand, in the secondary market, PIB yields declined

in the range of 500 bps to 630 bps, whereby 3-year bond yield closed at 7.53% (down by 630 bps), 5-year bond yield closed at 8.11% (down by 574 bps), and 10-year bond yield closed at 8.69% (down by 501 bps). A similar trend was witnessed in the shorter tenor government paper yields, which were down in the range of 560 bps to 608 bps. On the liquidity front, the money market remained stable due to continuous OMO injections from SBP where the Central Bank ensured that the overnight money market remains close to the policy rate. During FY20, SBP borrowed Rs. 14.05 trillion through T-Bills against the maturity of Rs. 14.30 trillion. On the other hand, SBP accepted Rs. 2.36 trillion through long term PIBs (Fixed + Floater) against the maturity of Rs. 1.09 trillion. Going forward, the Debt Office is committed to elongate the maturity profile of domestic debt of the country by introducing 3-year and 5-year floating rate bonds. Due to a huge stock of government debt concentrated in treasury bills, the current maturity profile of the domestic debt is skewed towards shorter tenor instruments. To counter this, the Debt Office will encourage investments in longer tenor floating plus fixed-rate bonds by offering attractive spreads to the market participants.

Description	Jun-19	Jun-20	Difference
KIBOR 3 Months	12.97%	7.26%	**-5.71%**
KIBOR 6 Months	13.11%	7.24%	**-5.87%**
KIBOR 12 Months	13.63%	7.35%	**-6.28%**
T-Bill 3 Months	12.75%	7.09%	**-5.66%**
T-Bill 6 Months	12.85%	7.05%	**-5.80%**
T-Bill 12 Months	13.13%	7.05%	**-6.08%**
PIB 3 Year	13.85%	7.53%	**-6.32%**
PIB 5 Year	13.88%	8.11%	**-5.77%**
PIB 10 Year	13.72%	8.69%	**-5.03%**

On the Islamic money market front, market participants were overjoyed by the issuance of long-awaited Pakistan Energy Sukuks II (PES-II). Using the book building system of PSX, Rs. 200 billion was raised to ease out the circular debt crises of the country – Asset Management Companies invested over Rs. 23 billion through a diverse universe of mutual funds. In addition to PES-II, to finance the budget deficit of the country, the central bank also raised Rs. 198 billion the issuance of a series of floating rate Ijarah Sukuks. Issuance of these instruments provided much-needed relief to the Islamic money market participants and helped ease out the excess liquidity available in the market. Furthermore, the corporate sector continued to raise funds through Sukuks and Islamic Commercial Papers, which played a crucial role in absorbing some portion of excess liquidity available with Islamic institutions.

Equity Review

During the Fiscal Year 2020, the KMI-30 index remained volatile but eventually ended up flat, rising by mere 1.6% to 54,995 points while the KSE-100 index posted a rise of 1.4% to reach 34,422 points in the same period. The market started the year on a weak note, whereby the index declined by 5% during the first quarter, however, subsequently reversed its trend in the next few months till early Jan-20 to reach the nine months FY20 peak, i.e. KSE-100 index to the level of 43,219 points. The index staged an impressive rally due to improving external account prospects and drop in secondary market yields. However, since reaching its peak during the period under review, the market witnessed an abnormal drop during the third quarter as COVID 19 pandemic shook the foundations of the global economy and world markets. This downfall, particularly in March, erased all the gains which the market had made since the month of Aug-19 and accordingly, KMI-30 and KSE-100 index made new low of 41,365 points and 27,229 points respectively in Mar-20. Healthy recovery of 18% was witnessed in the stock market during the fourth quarter of FY20 as sharp cut in policy rate, attractive valuations and buying by local

institutions and individuals helped the market to recover despite augmented foreign selling. Among the positive macroeconomic news worth highlighting are hefty cut in policy rate, Government support package worth PKR 1.2 trillion, reduction in Current Account Deficit, and support from international lending agencies, dissipating external account concerns.

Participation in the market improved during the FY20 with the KMI-30 index volumes up by 42% to 76 million shares and KSE-100 index volumes rising by 38% to 134 million shares. Macroeconomic landscape saw improvement during most of the year, however, was ultimately negatively impacted from the pandemic whereby real GDP dropped by 0.4% for FY20; FBR targets were also scaled back to incorporate the impact of lockdown. Nevertheless, a marked improvement over last year for many indicators was witnessed, whereby current account deficit saw a substantial decline surpassing analyst estimates, SBP foreign exchange reserves improved, and primary fiscal deficit also declined. After aggressively raising interest rate till July-19, the State Bank of Pakistan (SBP) maintained status quo in the following three monetary policy meetings. From the month of Mar-20, we saw aggressive rate cuts by the State Bank as the negative impact of the pandemic became evident with the priority of monetary policy appropriately shifting towards supporting growth and employment instead of curbing inflation. Overall the policy rate was slashed by a cumulative 625 bps since March to 7.0% in June, apart from various other relief measures for businesses. After meeting all the targets for Sep-19 quarter review and receiving the respective quarterly tranche, the subsequent quarter tranche of Dec-19 was delayed. However, due to pandemic, Pakistan approached the IMF for additional funding requirement of USD1.4 billion which was received, while further inflows from other multilateral agencies helped improve the SBP reserves. Despite limited resources, the government has done well to support businesses by announcing a tax-free budget while giving concession to various industries, especially the construction sector.

Local political noise also somewhat settled after the former Prime Minister was allowed to travel abroad on medical grounds and the Islamabad sit-in by opposition parties ended peacefully. Government also managed to get approval for the bill that provided legal cover to Army Chief's term extension. Tensions on the border with India remained elevated after the abrogation of article 370 in Occupied Kashmir. Despite speculations, the Federal Budget was passed in parliament with a comfortable majority.

MSCI EM Index, after rising by 6% during the first half of FY20, also plunged during the third quarter FY20 period by 24% due to the pandemic as effects of lockdowns to prevent the spread of the coronavirus in the frontier and emerging markets started taking a toll on the economies and investors preferred flight to safety. In response to fighting economic slowdown, a coordinated response from Central Banks saw substantial monetary easing globally; while quantitative easing by developed countries saw equities rebounding globally during the fourth quarter. MSCI EM consequentially recovered by 17% during the fourth quarter, resulting in an overall FY20 drop of 6%. MSCI World Index fared better than EM index with lower drop in the second half due to pandemic and closed the year with a slight rise of 1% for FY20. US Emerging Market ETFs pulled out around USD 10.1 billion from EM markets, illustrating a preference for safety owing to turbulent economic conditions in the EM region. A bulk of the outflows aggregating up to USD 9.9 billion were made from equity ETFs while remaining outflows were from ETFs of Fixed Income and other asset classes.

Oil prices remained on the higher side in the first six months of the fiscal year after events unfolded that threatened to upset the security of the Middle East region. However, from Feb-20 onwards, the impact of coronavirus led to a substantial drop in global oil demand and disagreement between Saudi Arabia and Russia over additional output cut led to the breakup of OPEC+ cartel. Brent crude at one point in Apr-20 plunged till USD19/barrel, the lowest since 2002. Oil prices have since rebounded on

the back of reformation of OPEC+ cartel and resumption of global economic activity, closing at USD41/barrel. The Arab light crude oil, which is more relevant for our economy, dropped by 48% in FY20 to reach USD35/barrel. This drop in oil prices is beneficial from the perspective of import bill reduction and softening inflationary pressures; however, it also negatively impacted index heavyweight oil stocks.

Major contributors to the Index:

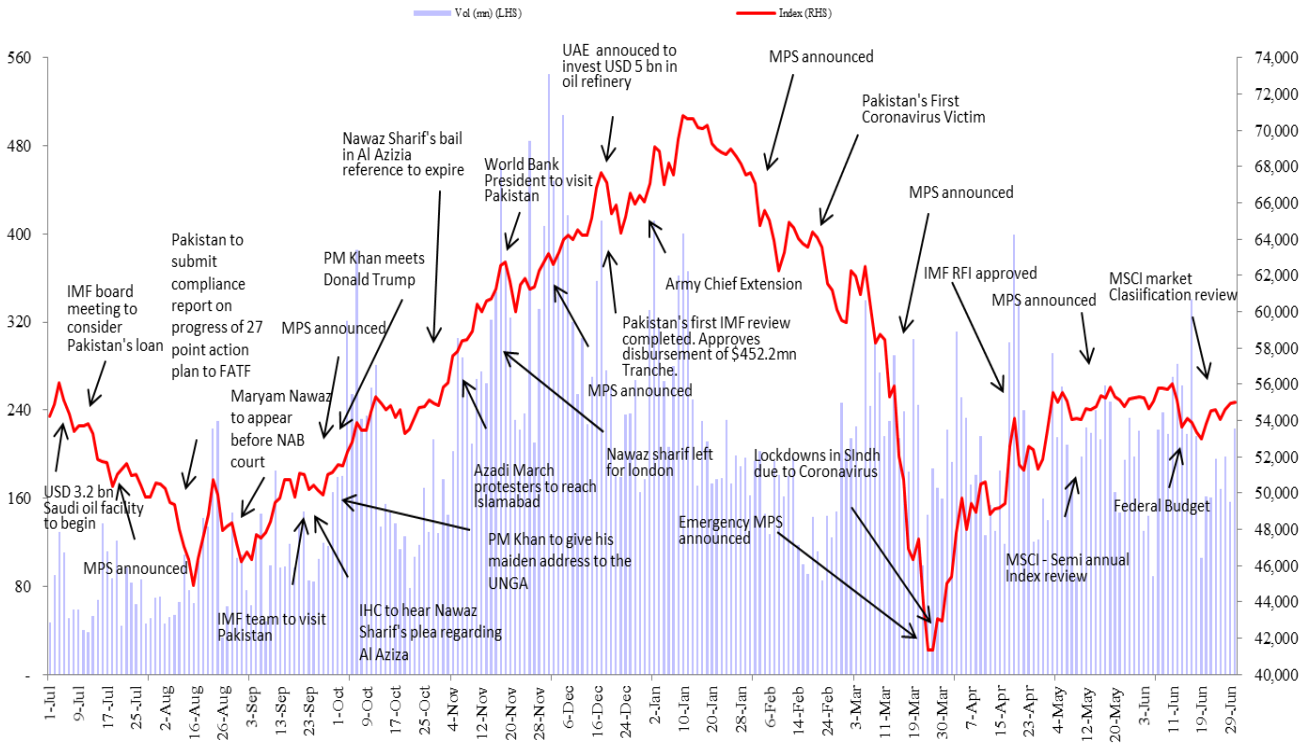
Among the key sectors, Pharmaceutical, Technology, and Cement were the best performing sectors. The top contributing stocks in the KMI-30 index in FY20 were:

Major Positive Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Engro Corporation Ltd	1,141	+19.3
Lucky Cement Ltd	912	+23.6
Mari Petroleum Co. Ltd	750	+35.4
DG Khan Cement Co. Ltd	512	+53.6
Searle Co. Ltd	437	+38.0

On the flip side, Power, Oil Exploration, and Textile sectors were amongst the worst performing sectors. The key laggards in the KMI-30 index during the period were:

Major Negative Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Pakistan Petroleum Ltd	-1,427	-26.8
Oil & Gas Development Co. Ltd	-645	-12.2
Sui Northern Gas Pipeline Ltd	-276	-21.4
K-Electric Ltd	-248	-31.4
Sui Southern Gas Co. Ltd	-151	-35.5

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



Equity Flows:

Foreigners remained net sellers again in the market during FY20, generating a total outflow of around USD285 million. Selling was mainly concentrated in the Oil and Gas Exploration (94.75 million), Commercial Banking (75.78 million), and Cement (63.67 million) sectors. Supply was absorbed primarily by Individuals and Insurance companies with nets inflows of USD 213 million and USD 128 million, respectively. Other key net sellers during the year were Banks/DFI's and mutual funds whose net sell amounted to USD 55 million and 50 million, respectively. Mutual Funds were net sellers mainly in the first half of FY20 while the second half saw slight inflow from their side.

Mutual Fund Industry Review

During FY20, AUMs of the mutual fund industry size increased by 44.1% to Rs. 764 billion. Shariah Compliant AUMs increased by a whopping 66.2% to Rs. 326 billion, which brings the share of Shariah Compliant funds at 42.6% in the mutual fund industry. The main contribution for this 66% increase in AUMs of Shariah compliant funds was due to stellar increase in AUMs of Al Meezan by 66%.

Al Meezan's share in the Mutual Funds industry stood at 19.9%, while amongst Shariah-Compliant Funds, it had a market share of 46.7% as of June 30, 2020. The company increased its market share by 272 basis points within the overall mutual fund industry and increased 19 basis points within the Shariah-Compliant segment of the industry.

The change in AUMs of industry of FY20 over FY19 is as under;

	FY19	FY20	Change
	(Rs. In Billion)		(%)
Sovereign, Money Market and Income Funds			
Shariah Compliant Funds	92	226	147.5
Conventional Funds	192	300	55.8
Total Funds	284	526	85.4
Equity Funds (Including Index Tracker Funds)			
Shariah Compliant Funds	64	59	-8.2
Conventional Funds	119	115	-3.3
Total Funds	183	174	-5.0
Capital Protected, balanced, and asset allocation Funds			
Shariah Compliant Funds	23	20	-14.0
Conventional Funds	14	13	-8.7
Total Funds	37	33	-11.9
Commodity Funds			
Shariah Compliant Funds	0.5	0.5	14.7
Total Funds	0.5	0.5	14.7
Voluntary Pension Funds			
Shariah Compliant Funds	17	20	19.4
Conventional Funds	9	11	18.0
Total Funds	26	31	18.9

Performance Review (Funds)

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

Funds	Type	Net Assets Rs. in millions	Growth in Net Assets for FY20 (%)	Returns for FY20 (%)	Benchmark for FY20 (%)
Equity Funds					
Al Meezan Mutual Fund (AMMF)	Equity	3,913	-17.92	3.09	1.62
Meezan Islamic Fund (MIF)	Equity	24,072	-6.48	2.81	1.62
KSE Meezan Index Fund (KMIF)	Equity	1,857	22.41	0.88	1.62
Meezan Energy Fund (MEF)	Equity	542	-9.49	-10.04	1.62
Meezan Dedicated Equity Fund (MDEF)	Equity	619	-64.85	-2.56	1.62
Fixed Income Funds					
Meezan Islamic Income Fund (MIIF)	Income	27,776	193.27	11.57	6.33
Meezan Cash Fund (MCF)	Money Market	14,026	58.47	10.95	5.37
Meezan Sovereign Fund (MSF)	Income	9,736	70.66	11.17	7.93
Meezan Rozana Amdani Fund (MRAF)	Money Market	53,351	230.67	11.76	5.37
Balanced Fund					
Meezan Balanced Fund (MBF)	Balanced	3,916	-26.81	8.14	5.80
Fund of Funds					
Meezan Financial Planning Fund of Fund					
Aggressive		283	-22.55	6.86	5.86
Moderate		119	-41.60	10.11	7.83
Conservative		144	-35.12	10.96	7.60
MAAP-I		318	-46.33	5.62	5.58
Meezan Strategic Allocation Fund					
MSAP-I		793	-25.68	7.93	5.99
MSAP-II		453	-37.81	6.51	5.37
MSAP-III		746	-16.29	6.73	5.41
MSAP-IV		751	-25.09	6.89	5.45
MSAP-V	Fund of Fund	196	-38.10	6.47	5.91
MSAP-MCPP-III		416	-62.12	-0.69	-2.41
Meezan Strategic Allocation Fund - II					
MSAP-II -MCPP-IV		1,112	-28.37	2.30	-1.43
MSAP-II -MCPP-V		216	-54.34	3.12	-0.18
MSAP-II -MCPP-VI		213	-44.41	0.43	-1.17
MSAP-II -MCPP-VII		136	-34.62	0.34	1.00
MSAP-II -MCPP-VIII		64	-51.14	0.81	-1.21
Meezan Strategic Allocation Fund - III					
MSAP-II -MCPP-IX		89	162.29	5.45	-1.17
Commodity Fund					
Meezan Gold Fund (MGF)	Commodity	548	14.74	23.76	21.31
Asset Allocation Fund					
Meezan Asset Allocation Fund (MAAF)	Asset Allocation	1,339	-27.76	6.61	6.97
Pension Fund Scheme					
Meezan Tahaffuz Pension Fund					
Equity sub Fund		4,131	1.09	5.97	
Debt sub Fund	Pension Fund Scheme	3,178	13.23	10.99	
Money Market sub Fund		3,092	49.18	9.92	
Gold Sub Fund		119	41.65	21.40	

Outlook

After suffering the first ever multi-decade decline in GDP by -0.4%, economic activity is expected to improve going forward with the Government projecting real GDP growth of 2.1%, 4.0%, and 4.5% for FY21-23. Furthermore, inflation is anticipated to drop from 10.7% in FY20 to around 7.0% in FY21. The decline in inflation is expected to keep the interest rates sticky at the current low level. The hefty decline in interest rates bodes well for both government and private sector borrowers. Governments around the world are working to stimulate the economy, and multilateral agencies have decided to provide additional support to emerging economies that will bear most of the impact of the pandemic. Going forward, the Government is committed to issuing more fixed and floating rate Ijarah Sukuks, which will further enhance market participants' ability to deploy funds at attractive yields. The decision by the Government to restrict institutional investor from participation in the National Savings Scheme should also bode well for Mutual Funds in future.

After three difficult years due to economic issues of high currency devaluation, rising interest rate, and slowing economic activity, the medium-term outlook for the stock market has now greatly recuperated due to low interest rate outlook, subdued devaluation going forward, and improving economic growth prospects. The sizable decline in interest rate has noticeably increased the attraction of equities, owing to a substantial drop in the appeal of fixed income alternatives, making it a preferred asset class among investors. We also expect foreign selling to taper off compared to prior years on account of limited devaluation going forward (a major concern for foreigners in last few years) and attractive Price to Earnings multiple. With the pandemic gradually coming under control, economic activity has rebounded locally as well as globally, suggesting that corporate earnings are also set to improve in the coming quarters.

Auditors

No.	Name of Fund	Name of auditors as of June 30, 2020	Status of appointment for the year ending June 30, 2021
1	MEEZAN ISLAMIC FUND	M/s A.F. Ferguson & Co., Chartered Accountants	Eligible for re-appointment
2	MEEZAN SOVEREIGN FUND		
3	AL MEEZAN MUTUAL FUND		
4	MEEZAN BALANCED FUND		
5	MEEZAN ISLAMIC INCOME FUND		
6	MEEZAN CASH FUND		
7	KSE-MEEZAN INDEX FUND		
8	MEEZAN FINANCIAL PLANNING FUND OF FUNDS		
9	MEEZAN GOLD FUND		
10	MEEZAN ASSET ALLOCATION FUND		
11	MEEZAN ENERGY FUND		
12	MEEZAN STRATEGIC ALLOCATION FUND		
13	MEEZAN STRATEGIC ALLOCATION FUND II		
14	MEEZAN STRATEGIC ALLOCATION FUND III		
15	MEEZAN DEDICATED EQUITY FUND		
16	MEEZAN ROZANA AMDANI FUND		
17	MEEZAN TAHAFFUZ PENSION FUND	M/s KPMG Taseer Hadi & Co., Chartered Accountants	Eligible for re-appointment

Board Meetings

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

Board Audit Committee (BAC)

During the year ended June 30, 2020, four BAC meetings were held, the attendance of the members in these meetings was as under;

Name of Director	16-Aug-19	14-Oct-19	10-Feb- 20	15-Apr-20
Mr. Moin M. Fudda	✓	✓	✓	✓
Mr. Naeem Sattar	✓	✓	✓	✓
Mr. Arshad Majeed	✓	✓	✓	✓

Board Risk Management Committee (BRMC)

During the year ended June 30, 2020, four BRMC meetings were held, the attendance of the members in these meetings was as under;

Name of Director	16-Aug-19	11-Oct-19	07-Feb-20	14-Apr-20
Mr. Abdullah Ahmed	✓	✓	✓	✓
Mr. Naeem Sattar	✓	✓	✓	✓
Syed Amir Ali Zaidi	✓	✓	✓	✓

Human Resource & Remuneration Committee (HR&RC)

During the year ended June 30, 2020, two HR&RC meetings were held, the attendance of the members in these meetings was as under;

Name of Director	08-Aug-19	14-Oct-19
Mr. Moin M. Fudda	✓	✓
Mr. Ariful Islam	✓	✓
Mr. Naeem Sattar	✓	✓
Mr. Mohammad Shoaib, CFA	✓	✓

** Mr. Atif Azim the Chairman of HR&RC resigned and in his place Mr. Moin M. Fudda was appointed as Chairman of HR&RC. This HR&RC meeting was chaired by Mr. Ariful Islam.*

Acknowledgement

We take this opportunity to thank our valued investors for reposing their faith in Al Meezan Investments, making it the largest asset management company in Pakistan. We also thank the regulator, the Securities and Exchange Commission of Pakistan and our Trustee, the Central Depository Company of Pakistan for their support. Likewise, we would like to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued assistance and support on Shariah aspects of fund management.

For and on behalf of the Board

Mohammad Shoaib, CFA
Chief Executive Officer

Date: August 13, 2020

ڈائریکٹرز رپورٹ

مینجمنٹ کمپنی کے زیرِ انتظام فنڈز

المیزان انویسٹمنٹ مینجمنٹ لمیٹڈ کا بورڈ آف ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے لیے درج ذیل اوپن اینڈ فنڈز اور والنٹری پنشن اسکیم کے مالیاتی گوشوارے پیش کرتے ہوئے اظہارِ مسرت کرتا ہے۔

ایکویٹی فنڈز

میزان اسلامک فنڈ

المیزان میوچل فنڈ

کے ایس ای-میزان انڈیکس فنڈ

میزان ڈیڈیکیٹڈ ایکویٹی فنڈ

سیکٹر اسپیسفک فنڈ

میزان انرجی فنڈ

انکم فنڈز

میزان اسلامک انکم فنڈ

میزان سوورن فنڈ

منی مارکیٹ فنڈ

میزان کیش فنڈ

میزان روزانہ آمدنی فنڈ

بیلنسڈ فنڈ

میزان بیلنسڈ فنڈ

فنڈ آف فنڈز

میزان فنانشل پلاننگ فنڈ آف فنڈز

میزان اسٹریٹجک ایلوکیشن فنڈ

میزان اسٹریٹجک ایلوکیشن فنڈII

میزان اسٹریٹجک ایلوکیشن فنڈIII

کموڈٹی فنڈ

میزان گولڈ فنڈ

ایسٹ ایلوکیشن فنڈ

میزان ایسٹ ایلوکیشن فنڈ

پنشن فنڈ

میزان تحفظ پنشن فنڈ

اقتصادی جائزہ

جانے والے مالی سال 2020 میں بھی معیشت کو مسلسل چیلنجز کا سامنا رہا اور معاشی نمو 2.4 فی صد کے ہدف کے مقابلے میں منفی 0.4 فی صد ریکارڈ کی گئی۔ سال کا آغاز، آئی ایم ایف پروگرام کو حتمی شکل دینے اور ملک کو ترقی کی راہ پر گامزن کرنے کے لیے معیشت کو استحکام بخشنے کے کامیاب حکومتی اقدامات سے ہوا۔ البتہ، کووڈ-19 نے دنیا بھر میں معاشی سرگرمیوں کو متاثر کیا ہے۔ عالمی وبا کے منفی معاشی اثرات کو ختم کرنے کے لیے، حکومت نے زری اور مالیاتی، دونوں شعبہ جات میں اقدامات لیے ہیں۔ معیشت کو سہارا فراہم کرنے کے لیے وفاقی حکومت نے 1.2 ٹریلین روپے کے مالیاتی پیکیج کا اعلان کیا ہے، جبکہ بینک دولت پاکستان نے بنیادی قابلِ واپسی رقم کی ادائیگی ایک سال کے لیے مؤخر کرنے کی اجازت دینے کے ساتھ ساتھ ملازمین کو برقرار رکھنے اور کیپٹل فنانسنگ کے مقاصد کے تحت رعایتی شرائط پر سرمایہ بھی فراہم کیا، حکومت نے بھی جی-20 ممالک اور کثیر الجہتی اداروں سے قرضہ جات کی ادائیگی مؤخر ہونے کی شکل میں مالیاتی ریلیف حاصل کیا، جس سے وبا کے منفی معاشی اثرات سے نمٹنے کے لیے ضروری بجٹ سپورٹ حاصل ہوگی۔

مالی سال 2020 میں سالانہ اوسط سی پی آئی افراط زر کی شرح 10.7 فی صد رہی۔ سالانہ بنیاد پر، سی پی آئی افراطِ زر میں سب سے زیادہ اضافہ 14.6 فیصد شرح کے ساتھ جنوری 2020 میں ہوا، جس کے بعد سی پی آئی افراطِ زر میں قابلِ ذکر کمی دیکھی گئی اور جون 2020 میں سی پی آئی افراطِ زر 8.6 فیصد کی شرح تک گر گئی۔ ملکی سطح پر کھانے پینے کی اشیا کی قیمتوں میں حالیہ کمی، عالمی سطح پر تیل کی قیمتوں میں زبردست گراوٹ، اور وبا کے باعث بیرونی اور اندرونی بیرونی طلب میں کمی کے نتیجے میں مہنگائی کی توقعات میں کمی ہوئی ہے۔ مالی سال 2021 میں افراطِ زر کی شرح 9-7 فیصد کے درمیان رہنے کی توقع ہے، تاہم ٹڈی کے حملے اور طلب میں اضافے کے نتیجے میں، سال کے دوسرے حصے میں اتار چڑھاؤ دیکھا جاسکتا ہے۔ درآمدی مہنگائی میں کمی، اور معیشت کو سہارا دینے کے لیے مرکزی بینک کی جانب سے ریئل انٹرسٹ ریٹ کو صفر پر لانے کے لیے، بینک دولت پاکستان نے 20 مارچ سے پانچ اقساط میں شرحِ پالیسی میں 625 بیسز پوائنٹس کٹوتی کرتے ہوئے اسے 7 فیصد کر دیا ہے۔ وسیع پیمانے پر ٹیکس اصلاحات اور غیر ترقیاتی اخراجات پر سخت کنٹرول کے ذریعے حکومت کے مالیاتی معاملات کو بہتر بنانے پر توجہ دی جارہی ہے۔ مالی سال 2020 میں ایف بی آر نے 3,989 ارب روپے کے محصولات اکٹھے کیے،

جو کہ از سرِ نو مقرر کردہ ہدف سے 4.3 فیصد زائد ہیں، تاہم یہ قبل از کووڈ ہدف کے مقابلے میں قابلِ ذکر حد تک کم ہیں۔ اخراجات پر نظر ڈالیں تو، قرضہ ادائیگی میں بھاری بھرکم اضافے کے علاوہ، مالی سال 2020 میں وفاقی ترقیاتی بجٹ (پی ایس ڈی پی) کو کم کر کے 645 ارب روپے کر دیا گیا، جو کہ اس سے پیشتر سال میں 678 ارب روپے تھا، اس طرح مالی سال 2020 میں مالی خسارہ جی ڈی پی کا 9.1 فیصد رہا۔ فائنانسنگ کو دیکھا جائے تو، مالی سال 2020 کے 11 ماہ میں، حکومتی قرض 2.7 ٹریلین روپے اضافے کے ساتھ 34.5 ٹریلین روپے کی سطح پر جا پہنچا، اور تقریباً یہ سارا اضافی سرمایہ پی آئی بیز اور بچت اسکیموں کے ذریعے حاصل کیا گیا۔

بیرونی شعبہ میں قابلِ ذکر بہتری آئی اور مالی سال 2019 میں 13.43 ارب ڈالر کے رواں کھاتے کے خسارے کے مقابلے میں مالی سال 2020 میں یہ کم ہو کر 2.97 ارب ڈالر رہ گیا، جو کہ 78 فیصد کی کمی ہے۔ اس کمی کی وجہ، مالی سال 2020 میں درآمدات 19 فیصد کمی کے بعد 50.70 ارب ڈالر کی سطح پر آجانے کے نتیجے میں تجارتی خسارہ 30 فیصد کمی کے بعد 22.75 ارب ڈالر رہ گیا۔ اس کے برعکس، برآمدات 8 فیصد کی معمولی کمی کے بعد 27.95 ارب ڈالر رہیں، جس کی بڑی وجہ آخری سہ ماہی میں لاک ڈاؤن کا نفاذ تھا۔ آئی ایم ایف کے تحت ادائیگیوں کے اجرا کے ساتھ کثیر الجہتی اداروں سے ملنے والی رقوم اور رواں کھاتے کے خسارے میں کمی نے مالی سال 2020 کے اختتام کی طرف، بینک دولت پاکستان کے غیر ملکی زرمبادلہ ذخائر 12 ارب کے آس پاس پہنچانے میں مدد دی، جو کہ مالی سال 2019 کے اختتام پر 7.3 ارب ڈالر کے مقابلے میں قابلِ ذکر اضافہ ہے۔ مالی سال 2020 کے دوران، زیادہ عرصے تک شرحِ تبادلہ بڑی حد تک مستحکم رہا اور اس میں معمولی اضافہ ہوا، تاہم مارچ-20 سے قرض مارکیٹ سے غیر ملکیوں کی جانب سے سرمایہ کے اخراج اور شرحِ سود میں کمی کے باعث امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی ہوئی۔ مالی سال 2020 کے دوران، پاکستانی روپے کی قدر میں 5 فیصد کمی ہوئی اور جون-20 کو امریکی ڈالر کے مقابلے میں شرحِ تبادلہ 168 روپے رہی۔

بازارِ زر کا جائزہ

مالی سال 2020 کا آغاز بلند شرحِ سود کے ساتھ، جب جولائی 2019 میں شرحِ پالیسی 13.25 فیصد کی بلند ترین سطح کو چھو چکی تھی (جولائی 2011 کے بعد سے، جب شرحِ پالیسی 13.50 فیصد تھی)۔ شرحِ پالیسی اس سطح پر مالی سال کے آٹھ ماہ تک برقرار رہی، جس کی وجہ غذائی اشیا اور تیل کی قیمتیں بڑھنے کے باعث ملک میں افراطِ زر میں اضافہ تھا۔ البتہ، کووڈ-19 وبا کے دنیا بھر میں پھیل جانے اور پاکستان کی معیشت پر اس کے منفی اثرات سے محفوظ رہنے کے لیے، مرکزی بینک، زری پالیسی میں زبردست نرمی لاتے ہوئے شرحِ پالیسی میں مجموعی طور پر 625 بیسز پوائنٹس کی کمی کرتے ہوئے مالی سال 2020 کے اختتام تک اسے 7.0 فیصد کی شرح پر لے آیا۔ مرکزی بینک کے فیصلے کی وجہ مہنگائی کی شرح میں کمی اور شرحِ نمو کو درپیش خطرات میں کمی ہے۔

زیرِ جائزہ عرصے کے دوران، کائبور کی شرح میں شدید کمی ہوئی اور 3 ماہ، 6 ماہ اور 12 ماہ کائبور کی شرح بالترتیب 571 بیسس پوائنٹس، 587 بیسس پوائنٹس اور 628 بیسس پوائنٹس کمی کے بعد 7.26 فیصد، 7.24 فیصد اور 7.35 فیصد ہوگئی۔ دوسری طرف سیکنڈری مارکیٹ میں پی آئی بی پر شرحِ منافع 500 سے 630 بیسس پوائنٹس تک گر گئی، 3 سال کے بانڈ پر منافع کی شرح 7.53 فیصد پر (630 بیسس پوائنٹس کمی)، 5 سال کے بانڈ پر منافع کی شرح 8.11 فیصد پر (574 بیسس پوائنٹس کمی)، جبکہ 10 سالہ بانڈ کی شرحِ منافع 8.69 فیصد (501 بیسس پوائنٹس کمی) پر بند ہوئی۔ قلیل مدتی حکومتی پیپرز پر شرحِ منافع میں بھی اسی طرح کا رجحان دیکھا گیا اور ان میں 560 بیسس پوائنٹس سے 608 بیسس پوائنٹس تک کمی ہوئی۔ زرِ سیال کے لحاظ سے، بینک دولت پاکستان کی جانب سے اوپن مارکیٹ آپریشن کے ذریعے رقوم کی مسلسل فراہمی کے باعث بازارِ زر مستحکم رہا، جہاں مرکزی بینک نے اس بات کو یقینی

بنایا کہ قلیل مدتی بازارِ زر شرحِ پالیسی کے قریب تر رہے۔ مالی سال 2020 کے دوران، بینک دولت پاکستان نے 14.30 ٹریلین روپے مالیت کے ٹی بلز کی پختگی کے مقابلے میں 14.05 ٹریلین روپے قرض حاصل کیا۔ دوسری طرف، بینک دولت پاکستان نے 1.09 ٹریلین روپے مالیت کے طویل مدتی پی آئی بیز کی پختگی کے مقابلے میں فکسڈ اور فلوٹنگ پی آئی بیز کے ذریعے 2.36 ٹریلین روپے کی پیشکش قبول کی۔ آگے چل کر، ڈیبٹ آفس، 3 سالہ اور 5 سالہ فلوٹنگ شرح بانڈ متعارف کروا کر، ملکی قرض پروفائل پختگی کو طویل عرصے پر لے جانے کے لیے پرعزم ہے۔ حکومتی قرض، ٹریژری بلز میں زیادہ ہونے کے باعث ملکی قرضوں کا موجودہ میچورٹی (پختگی) پروفائل قلیل مدتی انسٹرومنٹس کی طرف جھکا ہوا ہے۔ اس رجحان کی حوصلہ شکنی کے لیے، ڈیبٹ آفس، مارکیٹ شرکا کو پرکشش اسپریڈ پیش کر کے طویل مدتی فلوٹنگ اور فکسڈ ریٹ بانڈ میں سرمایہ کاری کی حوصلہ افزائی کرے گا۔

Description	Jun-19	Jun-20	Difference
KIBOR 3 Months	12.97%	7.26%	-5.71%
KIBOR 6 Months	13.11%	7.24%	-5.87%
KIBOR 12 Months	13.63%	7.35%	-6.28%
T-Bill 3 Months	12.75%	7.09%	-5.66%
T-Bill 6 Months	12.85%	7.05%	-5.80%
T-Bill 12 Months	13.13%	7.05%	-6.08%
PIB 3 Year	13.85%	7.53%	-6.32%
PIB 5 Year	13.88%	8.11%	-5.77%
PIB 10 Year	13.72%	8.69%	-5.03%

اسلامی بازارِ زر کے محاذ پر، پاکستان انرجی صکوک II (PES-II) کے اجرا پر مارکیٹ شرکا بہت خوش دِکھائی دیے۔ پاکستان اسٹاک ایکس چینج کے بک بلڈنگ سسٹم کو استعمال کرتے ہوئے، ملک کے گردشی قرضوں کے بحران کو کم کرنے کے لیے 200 ارب روپے حاصل کیے گئے۔ ایسیٹ مینجمنٹ کمپنیوں نے میوچل فنڈز کی متنوع کائنات کے ذریعے 23 ارب روپے کی سرمایہ کاری کی۔ ملکی بجٹ خسارے کو پورا کرنے کے لیے پی ای ایس-II کے علاوہ، مرکزی بینک نے فلوٹنگ شرح پر اجارہ سکوک جاری کر کے 198 ارب روپے حاصل کیے۔ ان انسٹرومنٹس کے اجرا نے اسلامی بازارِ زر کو مطلوب ریلیف فراہم کیا اور مارکیٹ میں موجود اضافی سیال کو جذب کرنے میں مدد فراہم کی۔ مزید برآں، کارپوریٹ سیکٹر نے صکوک اور اسلامی کمرشل پیپرز کے ذریعے سرمایہ حاصل کرنے کا سلسلہ جاری رکھا، جس نے اسلامی انسٹی ٹیوشنز کے پاس دستیاب اضافی زرسیال کا کچھ حصہ جذب کرنے میں اہم کردار ادا کیا۔

بازارِ حصص کا جائزہ

مالی سال 2020 کے دوران، کے ایم آئی-30 انڈیکس میں اُتار چڑھاؤ رہا لیکن اس کا اختتام تقریباً سابقہ سطح پر ہوا اور 1.6 فیصد اضافے کے ساتھ 54,995 پوائنٹس پر بند ہوا، جبکہ اسی عرصے کے دوران کے ایس ای-100 انڈیکس 1.4 فیصد اضافے کے ساتھ 34,422 پوائنٹس پر بند ہوا۔ مارکیٹ کا آغاز کمزور ہوا اور ستمبر-19 کی سہ ماہی کے دوران انڈیکس میں 5 فیصد کمی ہوئی، تاہم اس کے بعد کے چند ماہ کے دوران رجحان بدلا اور جنوری-20 کے اوائل میں مالی سال 2020 کے دوران کے ایس ای-100 انڈیکس نو ماہ کی بلند ترین سطح 43,219 پر جا پہنچا۔ مارکیٹ میں متاثر کن تیزی کی وجہ بیرونی کھاتوں کی توقعات میں بہتری اور سیکنڈری مارکیٹ ایلڈ (منافع) میں کمی تھی۔ البتہ، زیرِ جائزہ عرصے کے دوران، اپنی بلند ترین سطح کو چھونے کے بعد، تیسری سہ ماہی کے دوران مارکیٹ میں غیر عمومی انداز میں گراوٹ دیکھی گئی، جس کی وجہ کووڈ-19 اور لاک ڈاؤن کے منفی اثرات کے باعث عالمی معیشت اور دنیا بھر کی مارکیٹوں کی بنیادوں کا ہل جانا تھا۔ اس گراوٹ، خصوصاً مارچ میں ہونے والی کمی نے، اگست-19 سے مارکیٹ میں آنے والی ساری بہتری کو

زائل کردیا اور اس طرح کے ایم آئی -30اور کے ایس ای-100انڈیکس نے مارچ-20میں مالی سال کی بالترتیب 41,365پوائنٹس اور 27,229پوائنٹس کی نئی کم ترین سطح کو چھوا۔ مالی سال2020 کی چوتھی سہ ماہی کے دوران، پرکشش ویلیوایشن اور مقامی انسٹی ٹیوشن اور افراد کی جانب سے خریداری کے باعث اسٹاک مارکیٹ میں 18فیصد اضافہ دیکھا گیا اور غیر ملکی سرمایہ کاروں کی جانب سے فروخت کے باوجود مارکیٹ میں مثبت رجحان دیکھا گیا۔ قابلِ ذکر اقتصادی کلی خبروں میں، شرحِ سود میں بڑی کٹوتی، 1.2 ٹریلین روپے مالیت کا حکومتی سپورٹ پیکیج، رواں کھاتے کے خسارے میں کمی، اور بین الاقوامی قرض دینے والے اداروں کی جانب سے امداد شامل تھی، جس نے بیرونی کھاتوں سے متعلق خدشات کو ختم کیا۔

مالی سال2020 کے دوران بازارِ حصص کی سرگرمیوں میں اضافہ ہوا اور کے ایم آئی-30انڈیکس میں حصص کے لین دین کا حجم 42فیصد اضافے کے ساتھ 76ملین حصص اور کے ایس ای-100انڈیکس کا حجم 38فیصد اضافے کے ساتھ 134ملین حصص رہا۔ سال بھر کے دوران اقتصادی کلی منظرنامے میں بہتری دیکھی گئی، تاہم کورونا وائرس سے پھیلنے والی وبا کے منفی اثرات دیکھے گئے اور مالی سال2020 کے دوران ریئل جی ڈی پی 0.4فیصد سکڑ گئی، جبکہ لاک ڈاؤن کے اثرات کو دیکھتے ہوئے ایف بی آر کے ہدف میں بھی کمی کی گئی۔ ان سب کے باوجود، گزشتہ سال کے دوران، کئی اشاریوں میں بہتری دیکھی گئی اور رواں کھاتے کے خسارے میں تجزیہ کاروں کی توقعات سے بڑھ کر قابلِ ذکر کمی ہوئی، بینک دولت پاکستان کے غیر ملکی زرمبادلہ ذخائر میں اضافہ ہوا، پرائمری مالی خسارے میں بھی کمی ہوئی۔ جولائی-19 تک شرحِ سود میں تیزی سے اضافے کے بعد، بینک دولت پاکستان نے آنے والے تین مانیٹری پالیسی کمیٹی اجلاس میں اسے بلند ترین سطح پر برقرار رکھا۔ جیسے جیسے وبا کے منفی اثرات ظاہر ہونا شروع ہوئے، مارچ-20 سے مانیٹری پالیسی کمیٹی کی جانب سے شرحِ سود میں تیزی سے کمی کا سلسلہ شروع کیا گیا اور مشکل وقت میں مانیٹری پالیسی کی سمت معاشی نمو اور روزگار میں بہتری کی جانب موڑ دی گئی۔ مجموعی طور پر، مارچ سے شرحِ سود میں 625بیسس پوائنٹس کمی دیکھی گئی اور جون میں یہ 7فیصد کی سطح پر آ گئی، جبکہ کاروباری طبقے کے لیے دیگر کئی ریلیف اقدامات اس کے علاوہ ہیں۔ ستمبر-19 کو ختم ہونے والی سہ ماہی جائزے میں سارے اہداف حاصل کرنے اور متعلقہ سہ ماہی قسط وصول کرنے کے بعد دسمبر-19 سہ ماہی کی قسط میں تاخیر دیکھی گئی۔ البتہ، وبا کے باعث، پاکستان نے آئی ایم ایف سے 1.4ارب ڈالر کا اضافی سرمایہ حاصل کرنے کے لیے رابطہ کیا، جو پاکستان کو دیا بھی گیا۔ مزید برآں، دیگر کثیر الجہتی اداروں سے رقوم وصولی کے بعد بینک دولت پاکستان کے ذخائر میں بہتری دیکھی گئی۔ محدود وسائل کے باوجود، حکومت نے کاروبار کو سپورٹ کرنے کے لیے ٹیکس فری بجٹ کا اعلان کیا، جبکہ مختلف صنعتوں خصوصاً تعمیراتی شعبے کو رعایتیں بھی دیں۔

سابق وزیرِاعظم کو طبی بنیادوں پر باہر جانے کی اجازت ملنے کے بعد، مقامی سیاسی شور میں کچھ کمی آئی اور حزبِ اختلاف کی سیاسی جماعتوں کی جانب سے اسلام آباد دھرنا بھی پرامن انداز میں ختم ہوا۔ حکومت، آرمی چیف کی مدتِ ملازمت میں اضافے کو قانونی تحفظ فراہم کرنے کے بل پر بھی حزبِ اختلاف کی جماعتوں کا تعاون حاصل کرنے میں کامیاب رہی۔ مقبوضہ کشمیر میں بھارت کی جانب سے آرٹیکل 370 کو ختم کرنے کے بعد بھارت کے ساتھ سرحدی پر تناؤ بڑھ گیا۔ افواہوں کے باوجود، پارلیمان سے وفاقی بجٹ اکثریت سے منظور ہوا۔

مالی سال2020 کے پہلے حصے میں، ایم ایس سی آئی، ای ایم انڈیکس 6فیصد بڑھنے کے بعد، کورونا وائرس سے محفوظ رہنے کے لیے فرنٹیئر اور ایمرجنگ مارکیٹس میں کورونا وائرس کی وبا پر قابو پانے کے لیے لگائے جانے والے لاک ڈاؤن کے جیسے جیسے اثرات ظاہر ہونا شروع ہوئے اور سرمایہ کاروں نے محفوظ مقامات پر اپنا سرمایہ منتقل کرنا شروع کیا، جس کے نتیجے میں تیسری سہ ماہی میں یہ انڈیکس 24فیصد گراوٹ کا شکار ہوا۔ معاشی سست روی کا مقابلہ کرنے کے لیے، مرکزی بینکوں کی جانب سے عالمی سطح پر منظم انداز میں نرم زری پالیسی اختیار کی گئی اور ترقی یافتہ ملکوں کی جانب سے سسٹم میں اضافی سرمایہ ڈالا گیا، جس

کے نتیجے میں چوتھی سہ ماہی میں عالمی سطح پر بازارِ حصص میں تیزی دیکھی گئی۔ اس کے نتیجے میں چوتھی سہ ماہی میں ایم ایس سی آئی، ای ایم انڈیکس میں 17 فیصد اضافہ ہوا، جس کے باعث، مالی سال 2020 کے دوران مجموعی کمی 6 فیصد تک محدود رہی۔ ای ایم کے مقابلے میں ایم ایس سی آئی ورلڈ انڈیکس نے بہتر کارکردگی کا مظاہرہ کیا اور سال کے دوسرے حصے میں وبا کے باوجود کم گراوٹ دیکھی گئی اور اس طرح مالی سال 2020 کا اختتام 1 فیصد کے معمولی اضافے کے ساتھ ہوا۔ امریکا سے تعلق رکھنے والے ایمرجنگ مارکیٹ ای ٹی ایف نے ابھرتی ہوئی مارکیٹس سے 10.1 ارب ڈالر نکلوا لیے، کیونکہ انھوں نے ای ایم ریجن میں افراتفری کا شکار معیشتوں کے باعث سرمایہ کے تحفظ کو ترجیح دی۔ سرمایہ کا زیادہ تر اخراج جن کی مالیت 9.9 ارب ڈالر بنتی ہے، ایکویٹی (حصص) ای ٹی ایف سے تھا، جبکہ دیگر اخراج فکسڈ انکم ای ٹی ایف اور دیگر اثاثہ جات سے ہوا۔

کچھ واقعات کے نتیجے میں مشرقِ وسطیٰ کے خطے میں سیکیورٹی کی صورتِ حال خدشات سے دوچار ہونے کے بعد مالی سال کے ابتدائی چھ ماہ کے دوران تیل کی قیمتیں بالائی سطح پر رہیں۔ البتہ فروری-20 کے بعد، کورونا وائرس کے اثرات کے نتیجے میں تیل کی عالمی طلب میں قابلِ ذکر کمی ہوئی اور تیل کی پیداوار میں اضافی کٹوتی کے معاملے پر سعودی عرب اور روس میں اختلاف پیدا ہوا اور اوپیک پلس کا رٹیل ٹوٹ گیا۔ اپریل-20 میں ایک مقام پر برینٹ خام تیل 19 ڈالر فی بیرل کی سطح تک گر گیا، جو کہ 2002 کے بعد کم ترین سطح ہے۔ اس کے بعد، اوپیک پلس کارٹیل کے دوبارہ بننے اور عالمی معاشی سرگرمیوں کی بحالی کے باعث، مالی سال 2020 کے آخری دو مہینوں میں تیل کی قیمتیں دوبارہ بڑھنا شروع ہوئیں اور مالی سال کا اختتام 41 ڈالر فی بیرل پر ہوا۔ عرب لائٹ خام تیل، جس سے ہماری معیشت کا تعلق زیادہ ہے، مالی سال 2020 کے دوران اس میں 48 فیصد کی گراوٹ آئی اور 35 ڈالر فی بیرل پر آ گیا۔ تیل کی قیمتوں میں گراوٹ درآمدی ادائیگیوں میں کمی اور مہنگائی کا دباؤ کم ہونے کی صورت میں فائدہ مند ثابت ہوئی، جبکہ اسٹاک ایکس چینج انڈیکس میں بھاری حصہ رکھنے والے تیل کمپنیوں کے حصص پر اس کا منفی اثر پڑا۔

انڈیکس میں بڑے حصہ دار:

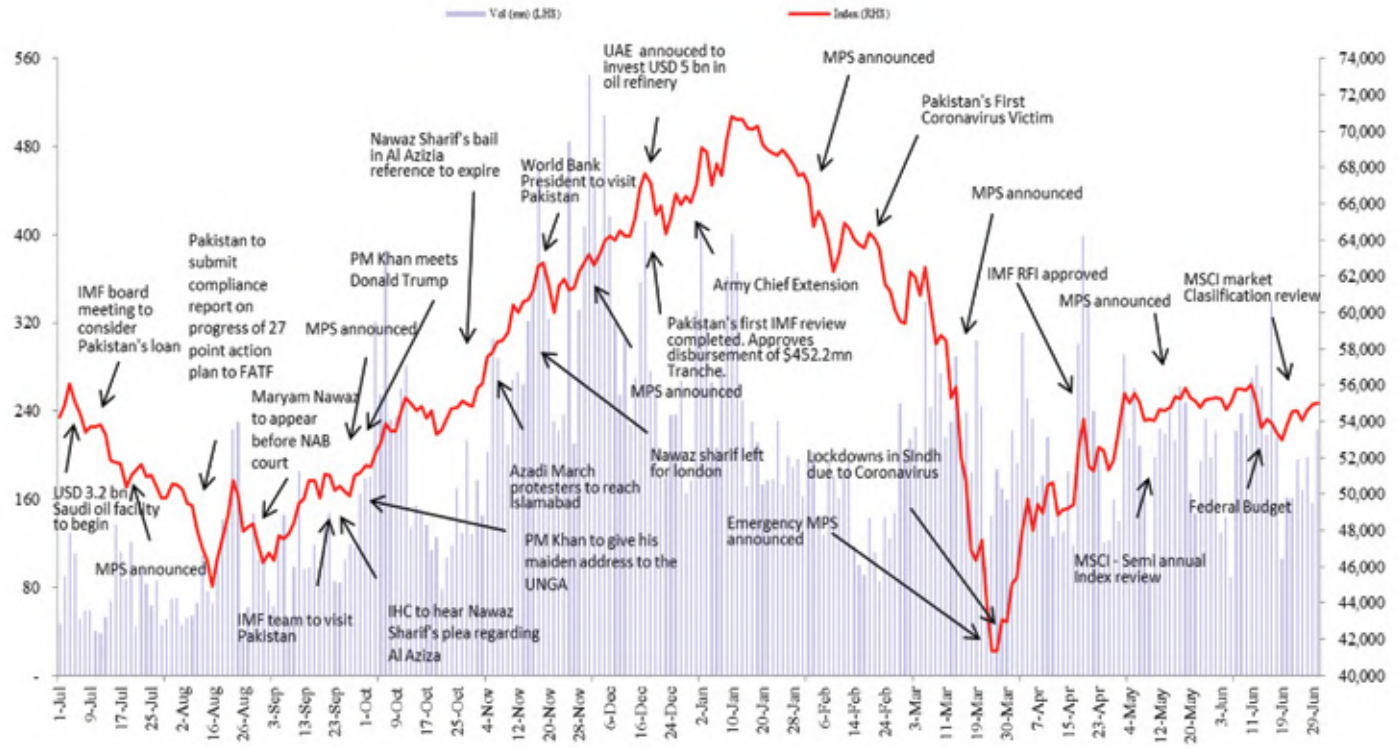
اہم شعبہ جات میں فارماسیوٹیکل، ٹیکنالوجی اور سیمنٹ، بہترین کارکردگی دِکھانے والے سیکٹرز رہے۔ مالی سال 2020 کے دوران، کے ایم آئی -30 انڈیکس میں حصہ ڈالنے والے سرِفہرست حصص درج ذیل ہیں:

Major Positive Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Engro Corporation Ltd	1,141	+19.3
Lucky Cement Ltd	912	+23.6
Mari Petroleum Co. Ltd	750	+35.4
DG Khan Cement Co. Ltd	512	+53.6
Searle Co. Ltd	437	+38.0

دوسری طرف، بجلی، تیل کی تلاش اور ٹیکسٹائل سیکٹرز کی کارکردگی بدترین رہی۔ اس عرصے کے دوران، درج ذیل نے کے ایم آئی-30 انڈیکس کو سست روی کا شکار کیا:

Major Negative Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Pakistan Petroleum Ltd	-1,427	-26.8
Oil & Gas Development Co. Ltd	-645	-12.2
Sui Northern Gas Pipeline Ltd	-276	-21.4
K-Electric Ltd	-248	-31.4
Sui Southern Gas Co. Ltd	-151	-35.5

اس عرصے کے دوران، کے ایم آئی-30 انڈیکس کی مجموعی نقل وحرکت کا جائزہ درج ذیل گراف میں لیا جاسکتا ہے:



حصص میں بہاؤ

مالی سال 2020 کے دوران، ایک بار پھر، غیر ملکی سرمایہ کار منفی رہتے ہوئے مجموعی طور پر 285 ملین ڈالر کے لگ بھگ مارکیٹ سے نکال کر لے گئے۔ زیادہ تر اخراج آئل اینڈ گیس ایکسپلوریشن (94.75 ملین)، کمرشل بینک (75.78 ملین) اور سیمنٹ (63.67 ملین) سیکٹرز میں دیکھا گیا۔ اس رسد کو بنیادی طور پر انفرادی اور انشورنس کمپنیوں نے جذب کیا، جنھوں نے بالترتیب 213 ملین امریکی ڈالر اور 128 ملین ڈالر کی سرمایہ کاری کی۔ دیگر بڑے فروخت کنندگان میں بینک/ترقیاتی مالیاتی ادارے (ڈی ایف آئی) اور میوچل فنڈ شامل ہیں، جن کے اخراج کی مالیت بالترتیب 55 ملین اور 50 ملین امریکی ڈالر رہی۔ میوچل فنڈ بنیادی طور پر مالی سال 2020 کے پہلے حصے میں خالص فروخت کنندہ رہے، جبکہ مالی سال کے دوسرے حصے میں ان کی طرف سے مارکیٹ میں کچھ سرمایہ کاری کیے جانے کا مشاہدہ کیا گیا۔

میوچل فنڈ انڈسٹری کا جائزہ

مالی سال 2020 کے دوران، میوچل فنڈ انڈسٹری کے زیرِ انتظام اثاثہ جات کا حجم 44.1 فیصد اضافے کے ساتھ 764 ارب روپے ہوگیا۔ شریعہ موافق

زیرِ انتظام اثاثہ جات 66.2 فیصد بڑھ کر 326 ارب روپے ہو گئے، اس طرح میوچل فنڈ انڈسٹری میں شریعہ موافق فنڈز کا حصہ 42.6 فیصد ہو چکا ہے۔ 30 جون 2020 کے مطابق، میوچل فنڈ انڈسٹری میں المیزان کا حصہ 19.9 فیصد، جبکہ شریعہ موافق فنڈز میں حصہ 46.7 فیصد رہا۔ کمپنی نے مجموعی میوچل فنڈ انڈسٹری میں 272 بیسس پوائنٹس اور انڈسٹری کے شریعہ موافق سیگمنٹ میں 19 بیسس پوائنٹس کا اضافہ کیا۔

میوچل فنڈ انڈسٹری کے زیرِ انتظام مالی سال 2019 پر مالی سال 2020 کے اثاثہ جات میں تبدیلی درج ذیل ہے:

	FY19	FY20	Change
	(Rs. In Billion)		(%)
Sovereign, Money Market and Income Funds			
Shariah Compliant Funds	92	226	147.5
Conventional Funds	192	300	55.8
Total Funds	284	526	85.4
Equity Funds (Including Index Tracker Funds)			
Shariah Compliant Funds	64	59	-8.2
Conventional Funds	119	115	-3.3
Total Funds	183	174	-5.0
Capital Protected, balanced, and asset allocation Funds			
Shariah Compliant Funds	23	20	-14.0
Conventional Funds	14	13	-8.7
Total Funds	37	33	-11.9
Commodity Funds			
Shariah Compliant Funds	0.5	0.5	14.7
Total Funds	0.5	0.5	14.7
Voluntary Pension Funds			
Shariah Compliant Funds	17	20	19.4
Conventional Funds	9	11	18.0
Total Funds	26	31	18.9
Meezan Tahaffuz Pension Fund (MTPF) Market Share			
In Overall Segment (%)	34.85	34.23	-0.6
In Shariah Compliant Segment (%)	54.05	52.85	-1.2

جائزہ کارکردگی (فنڈز)

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

Funds	Type	Net Assets Rs. in millions	Growth in Net Assets for FY20 (%)	Returns for FY20 (%)	Benchmark for FY20 (%)
Equity Funds					
Al Meezan Mutual Fund (AMMF)	Equity	3,913	-17.92	3.09	1.62
Meezan Islamic Fund (MIF)	Equity	24,072	-6.48	2.81	1.62
KSE Meezan Index Fund (KMIF)	Equity	1,857	22.41	0.88	1.62
Meezan Energy Fund (MEF)	Equity	542	-9.49	-10.04	1.62
Meezan Dedicated Equity Fund (MDEF)	Equity	619	-64.85	-2.56	1.62
Fixed Income Funds					
Meezan Islamic Income Fund (MIIF)	Income	27,776	193.27	11.57	6.33
Meezan Cash Fund (MCF)	Money Market	14,026	58.47	10.95	5.37
Meezan Sovereign Fund (MSF)	Income	9,736	70.66	11.17	7.93
Meezan Rozana Amdani Fund (MRAF)	Money Market	53,351	230.67	11.76	5.37
Balanced Fund					
Meezan Balanced Fund (MBF)	Balanced	3,916	-26.81	8.14	5.80
Fund of Funds					
Meezan Financial Planning Fund of Fund					
Aggressive	Fund of Fund	283	-22.55	6.86	5.86
Moderate		119	-41.60	10.11	7.83
Conservative		144	-35.12	10.96	7.60
MAAP-I		318	-46.33	5.62	5.58
Meezan Strategic Allocation Fund					
MSAP-I		793	-25.68	7.93	5.99
MSAP-II		453	-37.81	6.51	5.37
MSAP-III		746	-16.29	6.73	5.41
MSAP-IV		751	-25.09	6.89	5.45
MSAP-V		196	-38.10	6.47	5.91
MSAP-MCPP-III		416	-62.12	-0.69	-2.41
Meezan Strategic Allocation Fund - II					
MSAP-II -MCPP-IV		1,112	-28.37	2.30	-1.43
MSAP-II -MCPP-V		216	-54.34	3.12	-0.18
MSAP-II -MCPP-VI		213	-44.41	0.43	-1.17
MSAP-II -MCPP-VII		136	-34.62	0.34	1.00
MSAP-II -MCPP-VIII		64	-51.14	0.81	-1.21
Meezan Strategic Allocation Fund - III					
MSAP-II -MCPP-IX		89	162.29	5.45	-1.17
Commodity Fund					
Meezan Gold Fund (MGF)	Commodity	548	14.74	23.76	21.31
Asset Allocation Fund					
Meezan Asset Allocation Fund (MAAF)	Asset Allocation	1,339	-27.76	6.61	6.97
Pension Fund Scheme					
Meezan Tahaffuz Pension Fund	Pension Fund Scheme				
Equity sub Fund		4,131	1.09	5.97	
Debt sub Fund		3,178	13.23	10.99	
Money Market sub Fund		3,092	49.18	9.92	
Gold Sub Fund		119	41.65	21.40	

توقعات

گزرے ہوئے سال میں منفی 0.4 فیصد کی کئی دہائیوں کی کم ترین معاشی نمو سے دوچار ہونے کے بعد، آگے جاتے ہوئے معاشی سرگرمیوں میں بہتری کی توقع ہے اور حکومتی اندازہ ہے کہ مالی سال 21-20 کے دوران معاشی نمو کی شرح بالترتیب 2.1 فیصد، 4.0 فیصد اور 4.5 فیصد رہے گی۔ مزید برآں، توقع ہے کہ مالی سال 20 میں 10.7 فیصد کی افراطِ زر کے مقابلے میں مالی سال 21 میں یہ شرح کم ہوکر 7 فیصد کے لگ بھگ رہے گی۔ افراطِ زر میں کمی کے نتیجے میں توقع ہے کہ شرحِ سود موجودہ کم سطح پر برقرار رہے گی۔ شرحِ سود میں زبردست کمی حکومت اور نجی شعبے کے قرض کنندگان دونوں کے لیے موزوں ہے۔ دنیا بھر کی حکومتیں معیشت کو سہارا دینے کے لیے کام کررہی ہیں اور کثیر الجہتی اداروں نے اُبھرتی ہوئی معیشتوں کو اضافی امداد فراہم کرنے کا فیصلہ کیا ہے جو وبا سے سب سے زیادہ متاثر ہوں گی۔ آنے والے وقت میں، حکومت نے مزید فلکسڈ اور فلوٹنگ شرح پر اجارہ صکوک جاری کرنے کا وعدہ کیا ہوا ہے، جس کے نتیجے میں مارکیٹ حصے داروں کی پرکشش منافع پر سرمایہ کاری کی صلاحیت میں اضافہ ہوگا۔ حکومت کا قومی بچت اسکیم میں ادارہ جاتی سرمایہ کاروں کو شرکت کرنے سے روکنے کا فیصلہ بھی میوچل فنڈز کے مستقبل کے لیے بہتر ثابت ہوگا۔

کرنسی کی قدر میں بڑے پیمانے پر کمی، بڑھتی شرحِ سود اور معاشی سرگرمیوں میں سست روی کے باعث تین برس کی مشکل صورتِ حال کے بعد، کم شرحِ سود، آنے والے وقت میں کرنسی کی قدر میں نسبتاً استحکام اور معاشی نمو میں بہتری کی توقعات کے نتیجے میں وسط مدت میں اسٹاک مارکیٹ مستحکم رہنے کی توقع ہے۔ شرحِ سود میں قابلِ ذکر کمی نے حصص کی کشش کو بڑھا دیا ہے، کیونکہ شرحِ سود میں کمی نے فلکسڈ انکم متبادل کی کشش کو کم کردیا ہے، اور حصص کو سرمایہ کاروں کی ترجیحی کلاس بنا دیا ہے۔ آنے والے وقت میں کرنسی کی قدر میں محدود کمی (جو کہ گزشتہ چند برسوں کے دوران غیر ملکیوں کے لیے بڑی تشویش کا باعث رہی ہے) اور پرکشش پرائس ٹو ارننگز ملٹی پل کے باعث ہم توقع رکھتے ہیں کہ پچھلے برسوں کے مقابلے میں غیر ملکیوں کی جانب سے فروخت میں کمی آئے گی۔ وبا بتدریج قابو میں آنے کے بعد، مقامی اور عالمی سطح پر معاشی سرگرمیاں بحال ہوچکی ہیں، جس سے اندازہ ہوتا ہے کہ آنے والی سہ ماہیوں میں کمپنیوں کے منافع بہتر ہوں گے۔

اعتراف

ہم اس موقع پر ہمارے گراں قدر سرمایہ کاروں سے ان کے المیزان انویسٹمنٹ پر یقین کے لیے اظہارِ تشکر کرتے ہیں، جس سے یہ پاکستان کے نجی شعبے میں سب سے بڑی ایسیٹ مینجمنٹ کمپنی بن گئی ہے۔ ہم ضابطہ کار، ایس ای سی پی اور ہمارے ٹرسٹی، سینٹرل ڈیپازٹری کمپنی آف پاکستان سے بھی ان کی بھرپور اعانت و مدد کے لیے شکریہ ادا کرتے ہیں۔ اس کے علاوہ میزان بینک کے اراکین شریعہ سپروائزری بورڈ کا بھی ان کے مسلسل تعاون اور فنڈ مینجمنٹ کے شریعہ سے متعلق پہلوؤں پر ان کی رہنمائی کے لیے دل کی گہرائیوں سے اظہارِ تشکر بجالاتے ہیں۔

برائے و بجانب بورڈ

محمد شعیب، سی ایف اے
چیف ایگزیکٹو آفیسر

بتاریخ 13 اگست 2020

Meezan
Islamic Fund

Meezan Islamic Fund (MIF)

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

MANAGER OF
LARGEST
EQUITY FUND

FUND INFORMATION

MANAGEMENT COMPANY
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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. ljaz 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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	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
Al Baraka Islamic Bank B.S.C (E.C)
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
Habib Bank Limited -Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking
Samba Bank Limited
Sindh Bank Limited
UBL Ameen - Islamic Banking

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

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

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

REPORT OF THE FUND MANAGER
Meezan Islamic Fund (MIF)

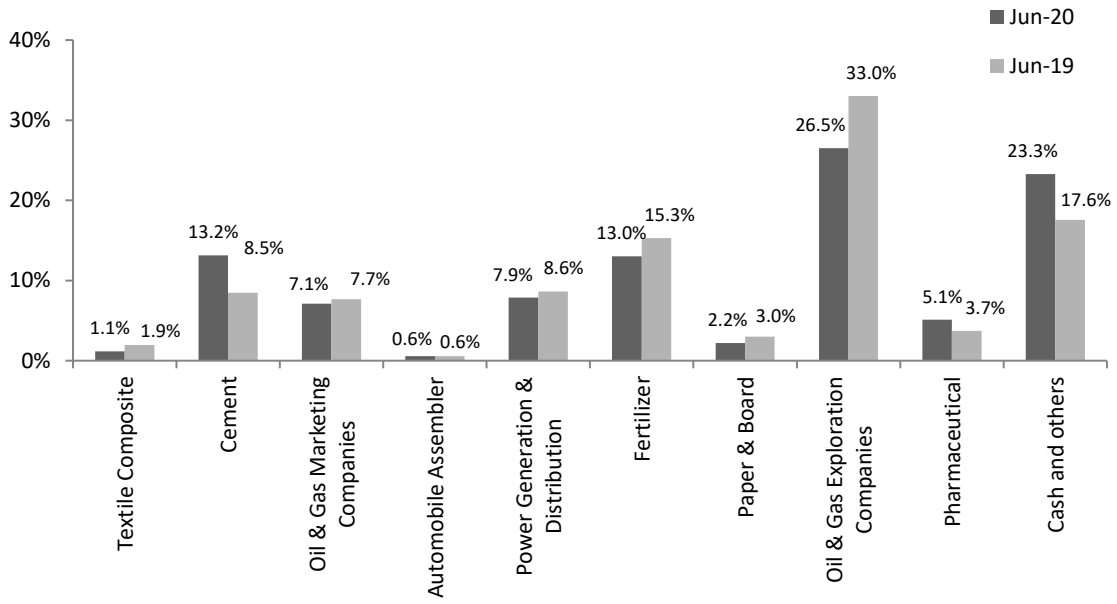
Type of Fund
Open end equity fund

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

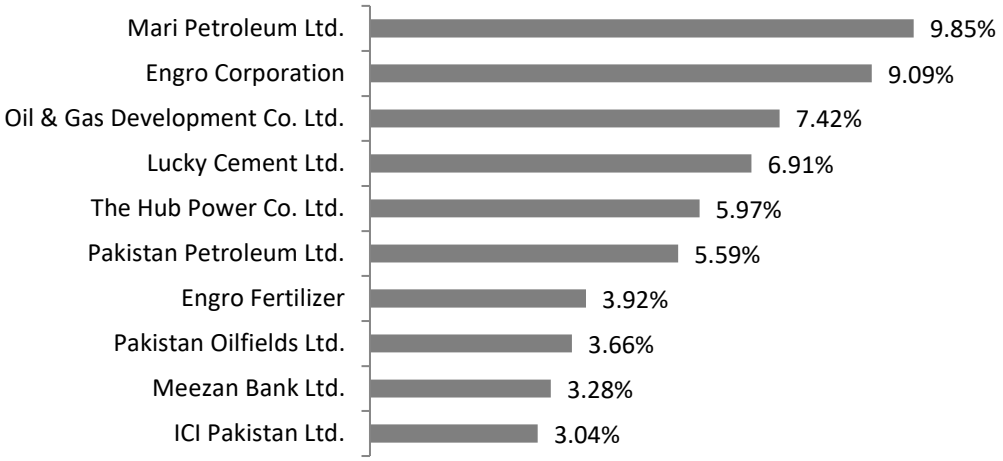
Strategy, Investment Policy and Asset Allocation
The performance of MIF is linked directly to the performance of equity market. The fund manager, Al Meezan Investment Management Limited, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. To control risk,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

During the year, the fund increased its equity exposure to a maximum of 97.16%. However, it maintained an average exposure close to 95.05% in equities during the year, while closing the period at around 97.13%. The fund maintained significant exposure to the Oil and Gas Exploration sector which was gradually reduced in 2nd half of FY20 due to negative outlook on oil prices. Exposure to cement sector was gradually increased due to government's support on construction sector.

Sector Allocation for the year ended FY19 and FY20



Top Holdings

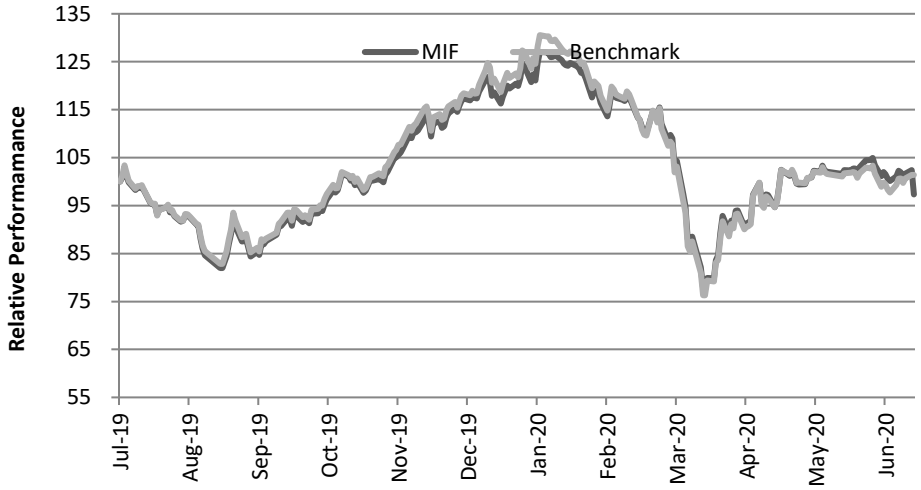


Performance Review

During FY20, Meezan Islamic Fund (MIF) provided a positive return of 2.81% to its investors and KSE Meezan Index (KMI 30) appreciated by 1.62% to close at 54,995 pts.

	MIF	KMI-30
Net Asset Value (NAV) as on June 30, 2019 –Rs.	47.92	54,119
Net Asset Value (NAV) as on June 30, 2020 –Rs.	46.77	54,995
Return During the Period	**2.81%**	**1.62%**

MIF posted a total income of Rs. 1,363 million in the fiscal year 2020 as compared to a total loss of Rs. 7,882 million last year. Total income comprised of realized gains and unrealized losses on investments of Rs. 888 million and Rs. 795 million respectively. Dividend income contributed Rs. 1,075 million to income, while profit on saving accounts with banks amounted to Rs. 194 million. After accounting for expenses of Rs. 813 million, the Fund posted a net income of Rs. 550 million. The net assets of the Fund as at June 30, 2020 were Rs. 24,072 million as compared to Rs. 25,740 million at the end of year depicting a decline of 6.48%. The net asset value per unit as at June 30, 2020 was Rs. 46.7710 as compared to Rs. 47.92 per unit as on June 30, 2019.



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, 2020 an amount of Rs. 31 million was accrued as charity payable.

Distributions

The final distribution in the form of cash dividend by the Fund during the fiscal year ended June 30, 2020 was Rs. 2.50 per unit (5.00%). Total distribution made by the fund was Rs. 1,236 million.

Breakdown of unit holdings by size:

(As on June 30, 2020)

Range (Units)	No. of Investors
1 - 9,999	19,335
10,000 - 49,999	3,638
50,000 - 99,999	643
100,000 - 499,999	424
500,000 and above	90
Total	**24,130**

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	4	4	0	0
Percentage		100%	0%	0%

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.

PERFORMANCE TABLE	2020	2019	2018	2017
Net assets (Rs. '000) (ex-distribution)	24,072,183.00	25,740,339.00	39,114,651.00	54,852,709.00
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	46.7710	47.9235	63.3300	76.4100
Offer price per unit as at June 30, (Rs.) (ex-distribution)	47.8280	49.0065	64.7613	78.1400
Highest offer price per unit (Rs.)	62.4251	66.7191	79.1600	94.0900
Lowest offer price per unit (Rs.)	38.0213	46.8951	60.4300	68.3600
Highest redemption price per unit (Rs.)	61.0455	65.2446	77.4100	92.0100
Lowest redemption price per unit (Rs.)	37.1811	45.8587	59.0900	66.8500
Distribution (%)				
Interim	N/A	N/A	N/A	N/A
Final	5.00	N/A	N/A	5.00
Date of distribution				
Interim	N/A	N/A	June 23, 2018	June 23, 2017
Final	June 30, 2020	N/A	N/A	N/A
Income distribution (Rupees in '000)		N/A	N/A	N/A
Growth distribution (Rupees in '000)	1,236,296.00	N/A	N/A	3,316,003.00
Total return (%)	2.81	(24.33)	(17.12)	22.96

	One Year	Two Year	Three Year	Four Year
Average annual return as at June 30, 2020 (%)	2.81	(11.80)	(13.61)	(5.64)

Meezan Bank
The Premier Islamic Bank

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

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Seventeenth year of operations of Meezan Meezan Islamic Fund (MIF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity

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

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

i. We have reviewed and approved the modes of investments of MIF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MIF as on June 30, 2020 and their evaluation according to the screening criteria established by us. (December 31, 2019 accounts of the Investee companies have been used for the following calculations*):

	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
Company Name	**Nature of Business**	**Debt to Assets (<37%)**	**Non-Compliant Investments (<33%)**	**Non-Compliant Income to Gross Revenue (<5%)**	**Illiquid Assets to Total Assets (>25%)**	**Net Liquid Assets vs. Share Price (B>A)**	
						Net Liquid Assets per Share (A)	**Share Price (B)**
Mari Petroleum Ltd	Oil & Gas Exploration Companies	7.83%	17.76%	3.13%	30.37%	(664.23)	
Engro Corporation Ltd	Fertilizer	28.34%	22.25%	4.72%	58.58%	(220.55)	
Oil & Gas Development Co. Ltd	Oil & Gas Exploration Companies	0.00%	7.95%	7.74%****	33.64%	90.21	**142.32**

Lucky Cement	Cement	25.55%	0.71%	2.59%	85.13%	(279.47)	
The Hub Power Co. Ltd.***	Power Generation & Distribution Company	32.34%	0.00%	7.32%	53.77%	(43.08)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.01%	8.64%	1.59%	31.91%	58.79	137

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.
** All interest based debts.
*** Debt is considered excluding circular debt amount.
**** OGDC is facing circular debt issues. Company is bound to retain interest bearing TFC/Bonds having no permission to sell from government. Due to high interest rate during July-Dec 2019, non-compliant income is high and exceeds 5%. Company had provided written confirmation that its non-compliant income ratio will be less than 5% due to lower interest rates during July-Dec 2020.

ii. On the basis of information provided by the management, all operations of MIF for the year ended June 30, 2020 have been in compliance with the *Shari'ah* principles.

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

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

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

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ISLAMIC FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Islamic Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Islamic Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 1.6 to the financial statements which describes the matter relating to excess distribution made by the Fund. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer note 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 23,381.047 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: ▪ Tested the design and operating effectiveness of the key controls for valuation of investments; ▪ Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2020 and traced it with the books and records of the Fund; and ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN ISLAMIC FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
		----------Rupees in '000----------	
Assets			
Balances with banks	5	1,755,340	1,340,974
Investments	6	23,381,047	25,014,329
Receivable against sale of investments		73,789	152,085
Receivable against conversion of units		82,856	62,891
Dividend receivable		52,314	117,132
Advances, deposits and other receivables	7	13,419	18,566
Total assets		25,358,765	26,705,977
Liabilities			
Payable to Al Meezan Investment Management Limited- Management Company	8	32,677	79,964
Payable to Central Depository Company of Pakistan Limited - Trustee	9	2,349	2,579
Payable to the Securities and Exchange Commission of Pakistan	10	5,024	32,360
Payable against redemption and conversion of units		116,155	74,075
Payable against purchase of investments		158,826	122,665
Dividend payable		152,480	-
Payable to Meezan Bank Limited		654	135
Accrued expenses and other liabilities	11	818,415	653,860
Total liabilities		1,286,580	965,638
NET ASSETS		24,072,185	25,740,339
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		24,072,185	25,740,339
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		514,682,160	537,113,594
		Rupees	
NET ASSET VALUE PER UNIT		46.7710	47.9235

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN ISLAMIC FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---------- Rupees in '000----------	
Income			
Dividend income		1,074,874	1,528,402
Profit on saving account with banks		194,252	193,892
Realised gain / (loss) on sale of investments		888,371	(2,223,676)
		2,157,497	(501,382)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(794,988)	(7,380,729)
Total income / (loss)		1,362,509	(7,882,111)
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	502,387	681,257
Sindh Sales Tax on remuneration of the Management Company	8.2	65,310	88,563
Allocated expenses	8.3	25,119	34,063
Selling and marketing expenses	8.4	100,477	136,251
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	26,119	35,063
Sindh Sales Tax on remuneration of the Trustee	9.2	3,396	4,558
Annual fees to the Securities and Exchange Commission of Pakistan	10.1	5,024	32,360
Auditors' remuneration	13	721	740
Fees and subscription		2,802	3,989
Legal and professional charges		160	160
Brokerage expense		35,261	19,869
Bank and settlement charges		3,190	3,614
Printing expenses		-	297
Provision for Sindh Workers' Welfare Fund (SWWF)		11,221	-
Charity expense	11.1	31,482	27,448
Total expenses		812,669	1,068,232
Net income / (loss) for the year before taxation		549,840	(8,950,343)
Taxation	15	-	-
Net income / (loss) for the year after taxation		549,840	(8,950,343)
Allocation of net income for the year			
Net income for the year after taxation		549,840	-
Income already paid on units redeemed		(22,945)	-
		526,895	-
Accounting income available for distribution			
- Relating to capital gains		93,383	-
- Excluding capital gains		433,512	-
		526,895	-

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN ISLAMIC FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	---------- Rupees in '000----------	
Net income / (loss) for the year after taxation	549,840	(8,950,343)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	549,840	(8,950,343)

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

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN ISLAMIC FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020					2019			
	Capital Value	Accumulated loss	Over distribution	Unrealised appreciation on 'available for sale' investments	Total	Capital Value	Undistributed Income / (Accumulated loss)	Unrealised appreciation on 'available for sale' investments	Total
	(Rupees in '000)					(Rupees in '000)			
Net assets at the beginning of the year as previously reported (Audited)	27,600,726	(1,860,387)	-	-	25,740,339	32,024,698	6,467,562	622,394	39,114,654
Impact of change in accounting policy	-	-	-	-	-	-	622,394	(622,394)	-
Net assets at the beginning of the year	27,600,726	(1,860,387)	-	-	25,740,339	32,024,698	7,089,956	-	39,114,654
Issue of 629,460,674 units (2019: 372,029,911 units)									
- Capital value (at net asset value per unit at the beginning of the year)	30,165,966	-	-	-	30,165,966	23,560,654	-	-	23,560,654
- Element of income / (loss)	1,364,752	-	-	-	1,364,752	(2,065,476)	-	-	(2,065,476)
Total proceeds on issuance of units	31,530,718	-	-	-	31,530,718	21,495,178	-	-	21,495,178
Redemption of 651,892,108 units (2019: 452,548,171 units)									
- Capital value (at net asset value per unit at the beginning of the year)	31,240,951	-	-	-	31,240,951	28,659,876	-	-	28,659,876
- Element of loss / (income)	1,248,523	22,945	-	-	1,271,468	(2,740,726)	-	-	(2,740,726)
Total payments on redemption of units	32,489,474	22,945	-	-	32,512,419	25,919,150	-	-	25,919,150
Total comprehensive income / (loss) for the year	-	549,840	-	-	549,840	-	(8,950,343)	-	(8,950,343)
Distribution during the year	-	(526,895)	(709,398)	-	(1,236,293)	-	-	-	-
Income / (loss) for the year less distribution	-	22,945	(709,398)	-	(686,453)	-	(8,950,343)	-	(8,950,343)
Net assets at the end of the year	26,641,970	(1,860,387)	(709,398)	-	24,072,185	27,600,726	(1,860,387)	-	25,740,339
(Accumulated loss) / undistributed income brought forward									
- Realised income		5,520,342					12,814,145		
- Unrealised loss		(7,380,729)					(6,346,583)		
		(1,860,387)					6,467,562		
Impact of change in accounting policy		-					622,394		
		(1,860,387)					7,089,956		
Accounting income available for distribution									
- Relating to capital gains		93,383					-		
- Excluding capital gains		433,512					-		
		526,895					-		
Net loss for the year after taxation		-					(8,950,343)		
Distribution during the period: Rs. 2.5 per unit i.e 5.0% of the par value of Rs. 50/- each [June 30, 2019:Nill]		(526,895)					-		
Accumulated loss carried forward		(1,860,387)					(1,860,387)		
Accumulated loss carried forward									
- Realised loss / (income)		(1,065,399)					5,520,342		
- Unrealised loss		(794,988)					(7,380,729)		
		(1,860,387)					(1,860,387)		
					(Rupees)				(Rupees)
Net assets value per unit at the beginning of the year					47.9235				63.3300
Net assets value per unit at the end of the year					46.7710				47.9235

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN ISLAMIC FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
		---------- Rupees in '000 ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before taxation		549,840	(8,950,343)
Adjustments for:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		794,988	7,380,729
		1,344,828	(1,569,614)
Decrease / (increase) in assets			
Investments		838,294	4,793,624
Dividend receivable		64,818	33,613
Receivable against sale of investment		78,296	(152,085)
Advances, deposits and other receivables		5,147	3,766
		986,555	4,678,918
(Decrease) / increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(47,287)	(115,145)
Payable to Central Depository Company of Pakistan Limited - Trustee		(230)	(1,226)
Payable to the Securities and Exchange Commission of Pakistan		(27,336)	(9,654)
Payable to Meezan Bank Limited		519	(1,118)
Payable against purchase of investment		36,161	106,235
Accrued expenses and other liabilities		164,555	19,699
		126,382	(1,209)
Net cash generated from operating activities		2,457,765	3,108,095
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units		31,510,753	21,531,174
Net payments against redemption of units		(32,470,339)	(26,029,004)
Dividend paid		(1,083,813)	-
Net cash used in financing activities		(2,043,399)	(4,497,830)
Net increase / (decrease) in cash and cash equivalents		414,366	(1,389,735)
Cash and cash equivalents at the beginning of the year		1,340,974	2,730,709
Cash and cash equivalents at the end of the year	5	1,755,340	1,340,974

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Islamic Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 16, 2003 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 4, 2003 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations, 2008). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.

1.2 The Fund has been formed to enable the unitholders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.

1.3 The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorized as an Equity Scheme in accordance with Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP).

1.4 The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 28, 2018) and by PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

1.6 During the year, the Fund has made a distribution of Rs 1,259.238 million (including income already paid on units redeemed of Rs 22.945 million). However, the maximum amount available for distribution for the current year as per the criteria given in the constitutive documents of the Fund was Rs 549.840 million. The excess distribution made by the Fund amounting to Rs 709.398 million has been disclosed in the statement of movement in the Unit holders' Fund as "over distribution". The Fund intends to adjust the same in the future years through subsequent available profits.

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 are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

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

Amendments	Effective date (accounting periods beginning on or after)
- 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, 2020 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 4.5 and 6).

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Equity instruments

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

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

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

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

4.3.2 Impairment

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

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

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

4.3.3 Regular way contracts

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

4.3.4 Initial recognition and measurement

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

4.3.5 Derecognition

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

4.3.6 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement currently, on the date when the transaction takes place.

- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.

- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend.

- Profit on saving account with banks is recognised on a time proportion basis using the effective yield method.

4.12 Expenses

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

4.13 Taxation

Current

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

Deferred

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

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

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

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

4.14 Earnings / (loss) per unit

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

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

4.15 Foreign currency translation

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

		Note	2020	2019
5	**BALANCES WITH BANKS**		**---------- Rupees in '000 ----------**	
	Balances with banks in:			
	Savings accounts	5.1	1,747,297	1,340,177
	Current account		8,043	797
			1,755,340	1,340,974

5.1 The balances in saving accounts have expected profit rates ranging from 1.50% to 7.50% per annum (2019: 3.32% to 12.50% per annum).

		Note	2020	2019
6	**INVESTMENTS**		**---------- Rupees in '000 ----------**	
	Investments - 'at fair value through profit or loss'	6.1	23,381,047	25,014,329

6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2019	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation/ (dimunition) as at June 30, 2020	Percentage in relation to		
									Net assets of the Fund	Total market value of invest-ments	Paid-up capital of investee company (with face value of investment)
	---(Rupees in '000)---								---%		
Sectors / companies											
Automobile assembler											
Ghandhara Industries Limited	777,200	104,000	-	881,200	-	-	-	-	-	-	-
Gandhara Nissan Limited	274,372	50,000	-	324,372	-	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	80,400	308,000	-	209,400	179,000	33,819	34,669	850	0.14	0.15	0.13
Millat Tractors Company Limited	81,140	41,000	7,123	29,150	100,113	74,234	70,696	(3,538)	0.29	0.30	0.20
Indus Motor Company Limited	-	89,740	-	50,000	39,740	47,980	39,541	(8,439)	0.16	0.17	0.05
									0.59	**0.62**	**0.38**
Automobile parts and accessories											
Agriauto Industries Limited (note 6.1.1)	-	459,600	-	23,300	436,300	89,599	79,407	(10,192)	0.33	0.34	1.51
Thal Limited (note 6.1.1)	-	25,000	-	25,000	-	-	-	-	-	-	-
									0.33	**0.34**	**1.51**
Chemicals											
Engro Polymer & Chemicals Limited	17,640,721	8,622,000	-	10,349,000	15,913,721	454,879	397,525	(57,354)	1.65	1.70	1.75
ICI Pakistan Limited	1,183,735	61,550	-	135,300	1,109,985	596,612	771,118	174,506	3.20	3.30	1.20
Akzo nobel Pakistan limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	2,784,500	8,807,000	-	4,930,500	6,661,000	73,253	66,277	(6,976)	0.28	0.28	0.44
Ittehad Chemicals Limited	-	117,500	-	-	117,500	2,937	3,096	159	0.01	0.01	0.14
Sitara Chemicals Industries Limited	30,500	-	-	-	30,500	9,329	8,452	(877)	0.04	0.04	0.14
Sitara Peroxide Limited	-	157,000	-	-	157,000	3,387	3,204	(183)	0.01	0.01	0.28
									5.19	**5.34**	**3.96**
Cement											
Attock Cement Company Limited	270,200	260,000	-	260,000	270,200	32,247	33,675	1,428	0.14	0.14	0.20
Cherat Cement Company Limited	-	5,984,500	80,600	3,341,000	2,724,100	229,191	237,460	8,269	0.99	1.02	1.40
D.G. Khan Cement Company Limited	2,368,222	7,242,500	-	6,053,222	3,557,500	279,914	303,561	23,647	1.26	1.30	0.81
Fauji Cement Company Limited	-	5,070,000	-	2,520,000	2,550,000	44,340	43,044	(1,296)	0.18	0.18	0.18
Kohat Cement Company Limited	3,914,350	5,753,500	-	5,179,000	4,488,850	610,540	616,992	6,452	2.56	2.64	2.23
Lucky Cement Limited	4,701,429	1,339,600	-	2,242,826	3,798,203	1,491,756	1,753,175	261,419	7.28	7.50	1.17
Maple Leaf Cement Factory Limited	4,782,000	17,457,000	-	8,792,000	13,447,000	343,099	349,353	6,254	1.45	1.49	1.22
									13.86	**14.27**	**7.23**
Paper and Board											
Cherat Packaging Limited	732,134	299,000	21,613	776,000	276,747	32,432	32,421	(11)	0.13	0.14	0.65
Century Paper & Board Mills Limited	-	348,600	-	-	348,600	23,107	24,949	1,842	0.10	0.11	0.24
Roshan Packages Limited	-	200,000	-	-	200,000	4,110	4,484	374	0.02	0.02	0.14
Packages Limited	2,474,853	121,000	-	1,173,900	1,421,953	428,153	493,716	65,563	2.05	2.11	1.59
									2.30	**2.38**	**2.62**
Technology and communication											
Avanceon Limited	2,115,300	787,000	51,330	2,214,000	739,630	21,805	26,153	4,348	0.11	0.11	0.35
Netsol Technologies Limited	987,100	302,500	-	1,147,000	142,600	8,824	7,089	(1,735)	0.03	0.03	0.16
Pakistan Telecommunication Company Limited "A"	800,000	-	-	-	800,000	6,616	7,104	488	0.03	0.03	0.02
Systems Limited	655,600	1,910,300	-	181,000	2,384,900	291,682	438,058	146,376	1.82	1.87	1.93
									1.99	**2.04**	**2.46**
Refinery											
Attock Refinery Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
National Refinery Limited	-	63,800	-	63,800	-	-	-	-	-	-	-
									-	**-**	**-**
Commercial Banks											
Meezan Bank Limited (an associate of the Fund)	8,040,597	7,808,500	-	3,774,000	12,075,097	928,634	831,370	(97,264)	3.45	3.56	0.94
BankIslami Pakistan Limited	-	11,720,500	-	5,273,000	6,447,500	71,478	48,743	(22,735)	0.20	0.21	0.58
									3.65	**3.77**	**1.52**

Name of the investee company	As at July 1, 2019	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation/ (diminution) as at June 30, 2020	Percentage in relation to		
									Net assets of the Fund	Total market value of invest-ments	Paid-up capital of investee company (with face value of investment)
	---(Rupees in '000)---								---%		
Oil and Gas Marketing Companies											
Attock Petroleum Limited	477,734	500,900	-	72,300	906,334	272,225	276,613	4,388	1.15	1.18	0.91
Hascol Petroleum Limited (note 6.1.3)	2,080,470	20,485,391	-	9,032,500	13,533,361	260,372	184,054	(76,318)	0.76	0.79	1.35
Hi-Tech Lubricants Limited	-	305,000	-	-	305,000	8,323	9,235	912	0.04	0.04	0.26
Shell Pakistan Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited (note 6.1.3)	4,501,752	4,172,700	626,030	4,439,223	4,861,259	740,996	768,857	27,861	3.19	3.29	1.04
Sui Southern Gas Pipelines Limited	755,500	-	-	10,500	745,000	15,407	9,938	(5,469)	0.04	0.04	0.08
Sui Northern Gas Pipelines Limited	14,259,800	2,848,500	-	7,008,000	10,100,300	696,723	551,476	(145,247)	2.29	2.35	1.59
									7.47	**7.70**	**5.24**
Oil and Gas Exploration Companies											
Oil and Gas Development Company Limited	20,325,900	6,513,547	-	9,567,879	17,271,568	2,161,271	1,882,601	(278,670)	7.82	8.05	0.40
Pakistan Oilfields Limited	3,909,136	380,500	-	1,642,114	2,647,522	1,049,964	928,301	(121,663)	3.86	3.97	0.93
Pakistan Petroleum Limited	16,807,632	7,182,830	2,536,066	10,199,100	16,327,428	1,924,689	1,416,896	(507,793)	5.89	6.06	0.60
Mari Petroleum Company Limited (note 6.1.3)	2,102,838	2,082,020	202,969	2,367,160	2,020,667	2,543,864	2,498,858	(45,006)	10.38	10.69	1.51
									27.95	**28.77**	**3.45**
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	109,350	10,000	-	50,300	69,050	31,612	45,780	14,168	0.19	0.20	0.07
AGP Limited	4,963,500	6,183,500	-	5,880,500	5,266,500	559,248	577,946	18,698	2.40	2.47	1.88
Glaxo Smithkline Pakistan Limited	5,816	-	-	-	5,816	554	1,012	458	-	0.00	-
Glaxo Smithkline Consumer Healthcare Products Limited	358,656	153,300	-	137,300	374,656	81,643	101,787	20,144	0.42	0.44	0.32
Ferozsons Laboratories Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
Highnoon Laboratories Limited (note 6.1.3)	798	50,000	5,080	6,000	49,878	24,058	25,002	944	0.10	0.11	0.14
The Searle Company Limited (note 6.1.3)	3,651,679	669,900	-	1,559,700	2,761,879	428,274	550,249	121,975	2.29	2.35	1.30
									5.40	**5.57**	**3.71**
Power Generation and Distribution											
The Hub Power Company Limited	18,904,517	5,973,500	-	3,993,096	20,884,921	1,648,023	1,514,157	(133,866)	6.29	6.48	1.61
K - Electric Limited (6.1.1)	186,128,500	9,321,000	-	36,179,000	159,270,500	693,270	479,404	(213,866)	1.99	2.05	0.57
									8.28	**8.53**	**2.18**
Investment Banks / Investment Companies / Securities Companies											
Dawood Hercules Corporation	-	148,400	-	148,400	-	-	-	-	-	-	-
Fertilizer											
Engro Corporation Limited (note 6.1.2)	9,480,573	1,363,500	-	2,970,500	7,873,573	2,155,610	2,306,327	150,717	9.58	9.86	1.37
Engro Fertilizers Limited	24,461,700	850,000	-	8,836,448	16,475,252	1,050,525	993,128	(57,397)	4.13	4.25	1.23
									13.71	**14.11**	**2.60**
Engineering											
Amreli Steels Limited	-	1,335,000	-	1,213,500	121,500	3,635	3,966	331	0.02	0.02	0.04
International Industries Limited	932,400	1,215,800	65,240	500,300	1,713,140	153,428	157,146	3,718	0.65	0.67	1.30
International Steel Limited	2,467,800	6,318,000	-	3,248,000	5,537,800	273,412	286,027	12,615	1.19	1.22	1.27
Mughal Iron & Steel Industries Limited	-	2,778,500	-	250,000	2,528,500	85,284	100,837	15,553	0.42	0.43	1.00
K.S.B. Pumps Company Limited	79,900	70,000	-	76,200	73,700	10,519	10,614	95	0.04	0.05	0.56
									2.32	**2.39**	**4.18**
Food and Personal Care Products											
Al-Shaheer Corporation Limited (note 6.1.3)	60,741	722	-	-	61,463	773	703	(70)	-	0.00	0.03
Al-Tahur Limited	109,132	-	10,913	-	120,045	2,151	2,068	(83)	0.01	0.01	0.07
Friesland Campina Engro Pakistan Limited (Formerly Engro Foods Limited)	17,721	-	-	17,721	-	-	-	-	-	-	-
National Foods Limited (note 6.1.1)	197,100	200,000	39,420	233,200	203,320	49,458	50,921	1,463	0.21	0.22	0.14
									0.22	**0.23**	**0.23**
Vanaspati & Allied Industries											
Unity Foods Limited	11,712,846	3,605,000	-	12,669,000	2,648,846	29,668	29,535	(133)	**0.12**	**0.13**	**0.49**

Name of the investee company	As at July 1, 2019	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation/ (dimunition) as at June 30, 2020	Percentage in relation to		
									Net assets of the Fund	Total market value of invest-ments	Paid-up capital of investee company (with face value of investment)
	----------(Rupees in '000)----------								----------%----------		
Glass and Ceramics											
Tariq Glass Industries Limited	792,500	285,000	159,250	709,000	527,750	33,309	34,050	741	0.14	0.15	0.48
Ghani Glass Limited	-	866,000	-	-	866,000	45,449	35,636	(9,813)	0.15	0.15	0.16
									0.29	**0.30**	**0.64**
Textile Composite											
Feroze1888 Mills Limited	1,542,500	166,500	-	4,400	1,704,600	170,801	139,436	(31,365)	0.58	0.60	0.45
Interloop Limited	8,335,000	2,479,000	-	1,896,500	8,917,500	402,176	391,657	(10,519)	1.63	1.68	1.03
Kohinoor Textile Mills Limited (note 6.1.3)	672,514	80,000	-	508,500	244,014	6,640	8,665	2,025	0.04	0.04	0.08
Nishat Mills Limited	5,374,700	1,211,400	-	2,960,500	3,625,600	328,724	282,833	(45,891)	1.17	1.21	1.03
									3.42	**3.52**	**2.59**
Right Certificates											
Oil & Gas Marketing Companies											
Hascol Petroleum Limited *	-	-	9,298,891	9,298,891	-	-	-	-	-	-	-
Food & Personal Care Products											
Al-Shaheer Corporation Limited *	-	-	722	722	-	-	-	-	-	-	-
Total as at June 30, 2020						**24,176,035**	**23,381,047**	**(794,988)**			
Total as at June 30, 2019						**32,395,058**	**25,014,329**	**(7,380,729)**			

* The right certificates were exercised during the year and the shares are included in the investment in Hascol Petroleum Limited & Al-Shaheer Corporation Limited above.

6.1.1 All shares have a nominal value of Rs 10 each except for the shares of Thal Limited, Agriauto Industries Limited and National Foods Limited which have a nominal value of Rs 5 each and K-Electric Limited which have a nominal value of Rs 3.5 each.

6.1.2 Investments include 1,060,000 shares of Engro Corporation Limited, having market value of Rs 310.50 million as at June 30, 2020 (2019: Rs. 265.60 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

6.1.3 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 year ended June 30, 2019. During the current year, 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 Court 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, 2020, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 49.076 million (2019: Rs. 40.686 million).

6.2 Unrealised diminution on re-measurement of investments classified as Financial assets at fair value through profit or loss	Note	2020	2019
		-------- Rupees '000 --------	
Market value of investments	6.1	23,381,047	25,014,329
Carrying value of investments	6.1	(24,176,035)	(32,395,058)
		(794,988)	(7,380,729)

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
Profit receivable on saving accounts with banks	10,819	15,966
	13,419	18,566

8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee payable	8.1	5,286	43,986
Sindh Sales Tax payable on remuneration of the Management Company	8.2	687	5,718
Allocated expenses payable	8.3	2,016	2,199
Selling and marketing expenses payable	8.4	23,914	27,811
Sales load payable		685	221
Sindh Sales Tax on sales load payable		89	29
		32,677	79,964

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2019: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs 65.310 million (2019: Rs 88.563 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 70.341 million (2019: Rs 91.387 million) has been paid to the Management Company which acts as a collecting agent.

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

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

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 was fixed at 0.4% per annum of net assets of the fund or actual expenses whichever is lower.

During the current year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the management company based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2020	2019
		----------Rupees in '000----------	
Trustee fee payable	9.1	2,079	2,282
Sindh Sales Tax payable on trustee fee	9.2	270	297
		2,349	2,579

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

Net Assets (Rs.)	Fee
up to Rs 1,000 million	Rs 0.7 million or 0.2% per annum of net assets, whichever is higher.
from Rs 1,000 million and above	Rs 2.0 million plus 0.10% per annum of net assets exceeding Rs 1,000 million.

9.2 During the year, an amount of Rs 3.396 million (2019: Rs. 4.558 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 3.423 million (2019: Rs 4.700 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

10.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020	2019
		----------Rupees in '000----------	
Auditors' remuneration payable		480	480
Printing charges payable		483	483
Shariah advisor fee payable		2,041	2,245
Charity payable	11.1	34,497	30,781
Brokerage payable		17,024	9,357
Withholding tax payable		922	922
Capital gain tax payable		4,328	4,237
Provision for Sindh Workers' Welfare Fund	11.2	351,703	340,482
Withholding tax payable on Dividend		142,432	
Zakat payable		31	399
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.3	32,607	32,607
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.3	231,867	231,867
		818,415	653,860

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

During the year ended June 30, 2020, non-shariah compliant income amounting to Rs 31.482 million (2019: Rs 27.448 million) was charged as an expense in the books of the Fund, and Rs. 3.400 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Marie Adelaide Leprosy Centre	200
2	National Institute of Blood Diseases	300
3	Afzal Memorial Thalasemia Foundation	500
4	Alamgir Welfare Trust	1,000
5	Darus Shifa Foundation	1,000
6	Shaukat Khanum - Memorial Cancer Hospital & Research Centre	1,000
7	The Hunar Foundation	1,000
8	Layton Rahmatulla Benevolent Trust	1,500
9	Baitus Salam Welfare Trust	2,000
10	Childlife Foundation	2,000
11	Dhoraji Youth Service Foundation	2,000
12	IBA Centre for Excellence in Islamic Finance	2,000
13	Autism Society of Pakistan	2,500
14	Indus Hospital	2,500
15	Ihsan Trust	10,500
		30,000

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.68 per unit (2019: Re 0.63 per unit).

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 264.474 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2020 would have been higher by Re 0.51 (2019: Re 0.49) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

		2020	2019
13	**AUDITORS' REMUNERATION**	----------Rupees in '000----------	
	Annual audit fee	533	552
	Half yearly review fee	150	159
	Out of pocket expenses	38	29
		721	740

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 3.24% which includes 0.36% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, Federal Excise Duties, Annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

15 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. The Fund has not recorded any tax liability as the management has distributed sufficient income of the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above.

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

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

16.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan 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.

16.2 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.

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

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

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

Balances	2020	2019
	----------Rupees in '000----------	
Al Meezan Investment Management Limited (Management Company)		
Management fee payable	5,286	43,986
Sindh Sales Tax on management fee payable	687	5,718
Sales load payable	685	221
Sindh Sales Tax and on sales load payable	89	29
Allocated expenses	2,016	2,199
Selling and marketing expense payable	23,914	27,811
Investment of 4,997,648 units (2019: 10,011,729 units)	233,745	479,797
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Security deposits refundable	100	100
Remuneration Payable	2,079	2,282
Sindh Sales Tax on trustee fee payable	270	297

	2020	2019
	----------Rupees in '000----------	
Meezan Bank Limited		
Balance with bank	282,156	113,831
Profit receivable on saving accounts	87	508
Sales load payable	579	119
Sindh Sales Tax on sales load payable	75	16
Investment in 12,075,097 shares (2019: 8,040,597 shares)	831,370	700,818
Investment of 12,475,049 units (2019: 12,475,049 units)	583,471	597,848
Al Meezan Investment Management Limited - Employees' Gratuity Fund		
Investment of 189,837 units (2019: 180,189 units)	8,879	8,635
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Investment of 4,834,002 units (2019: 5,706,435 units)	226,091	273,472
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Investment of 1,412,939 units (2019: 2,116,314 units)	66,085	101,421
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Investment of 880,333 units (2019: 1,149,027 units)	41,174	55,065
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment: 1,984,595 units (2019: 171,373 units)	92,821	8,213
Meezan Strategic Allocation Fund - MSAP - I		
Investment of 5,317,944 units (2019: 3,358,170 units)	248,726	160,935
Meezan Strategic Allocation Fund - MSAP - II		
Investment of 3,124,685 units (2019: 2,983,781 units)	146,145	142,993
Meezan Strategic Allocation Fund - MSAP - III		
Investment of 9,045,806 units (2019: 10,949,083 units)	423,081	524,718
Meezan Strategic Allocation Fund - MSAP - IV		
Investment of 7,145,017 units (2019: 12,489,103 units)	334,180	598,522
Meezan Strategic Allocation Fund - MSAP - V		
Investment of 2,205,831 units (2019: 3,635,008 units)	103,169	174,202
Directors and executives of the Management Company		
Investment of 11,924,793 units (2019: 1,016,776 units)	557,734	48,727

Transactions during the year	**For the year ended June 30,**	
	2020	**2019**
	----------Rupees in '000----------	
Al Meezan Investment Management Limited - Management Company		
Remuneration for the year	502,387	681,257
Sindh Sales Tax on management fee	65,310	88,563
Allocated expenses	25,119	34,063
Selling and marketing expenses	100,477	136,251
Issuance of 14,200,125 units (2019: 9,950,748 units)	701,346	533,253
Redemption of 19,214,207 units (2019: 7,229,026 units)	896,576	435,200
Dividend Paid	11,950	-

	For the year ended June 30, 2020	2019
	----------Rupees in '000----------	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	26,119	35,063
Sindh Sales Tax on remuneration of the Trustee	3,396	4,558
CDS charges	922	881
Meezan Bank Limited		
Profit on saving accounts	25,669	3,338
Dividend paid	31,188	-
Bonus issue of nil shares (2019: 858,520 shares)	-	-
Purchase of 7,808,500 shares (2019: 11,583,000 shares)	529,166	1,028,161
Sale of 3,774,000 shares (2019: 4,401,500 shares)	261,402	403,299
Dividend income	35,993	21,923
Al Meezan Investment Management Limited - Employees' Gratuity Fund		
Units issued: 9,649 units (2019: nil)	450	-
Dividend Paid	450	-
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Units issued: 5,970,312 units (2019: 897,308 units)	288,357	49,654
Units redeemed: 6,842,745 units (2019: 1,084,575 units)	332,203	58,020
Dividend Paid	11,471	-
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Units issued: 1,789,814 units (2019: 421,442 units)	84,951	22,096
Units redeemed: 2,493,189 units (2019: 750,039 units)	122,363	43,846
Dividend Paid	3,353	-
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Units issued: 1,210,084 units (2019: 417,630 units)	56,968	22,559
Units redeemed: 1,478,778 units (2019: 385,162 units)	73,304	22,529
Dividend Paid	2,089	-
Meezan Financial Planning Fund of Funds - MAAP - I		
Units issued: 4,194,111 units (2019: 660,324 units)	206,887	34,250
Units redeemed: 2,380,889 units (2019: 488,951 units)	117,598	25,369
Dividend Paid	4,709	-
Meezan Financial Planning Fund of Funds - MAAP - IV		
Units redeemed: nil units (2019: 3,990,160 units)	-	249,454
Meezan Strategic Allocation Fund - MSAP - I		
Units issued: 10,859,097 units (2019: 5,815,081 units)	533,959	337,500
Units redeemed: 8,899,323 units (2019: 18,611,869 units)	429,740	1,103,435
Dividend Paid	12,619	-
Meezan Strategic Allocation Fund - MSAP - II		
Units issued: 4,469,702 units (2019: 1,453,481 units)	223,833	79,000
Units redeemed: 4,328,798 units (2019: 5,733,462 units)	221,048	320,470
Dividend Paid	7,415	-
Meezan Strategic Allocation Fund - MSAP - III		
Units issued: 11,903,597 units (2019: 1,966,861 units)	579,990	107,400
Units redeemed: 13,806,874 units (2019: 6,075,635 units)	679,424	336,840
Dividend Paid	21,465	-
Meezan Strategic Allocation Fund - MSAP - IV		
Units issued: 9,640,173 units (2019: 2,195,916 units)	488,550	120,000
Units redeemed: 14,984,258 units (2019: 7,074,073 units)	752,318	399,610
Dividend Paid	16,955	-

	For the year ended June 30, 2020	2019
	----------Rupees in '000----------	
Meezan Strategic Allocation Fund - MSAP - V		
Units issued: 2,950,222 units (2019: 646,341 units)	146,243	34,750
Units redeemed: 4,379,399 units (2019: 1,979,842 units)	212,949	108,291
Dividend Paid	5,234	-
Directors and executives of the Management Company		
Units issued: 11,311,222 units (2019: 712,437 units)	522,268	42,876
Units redeemed: 432,520 units (2019: 6,332,657 units)	20,219	342,916
Dividend Paid	28,514	-

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	Total
Financial assets	---------- Rupees in '000 ----------		
Balances with banks	1,755,340	-	1,755,340
Investments	-	23,381,047	23,381,047
Receivable against sale of investments	73,789	-	73,789
Receivable against conversion of units	82,856	-	82,856
Dividend receivable	52,314	-	52,314
Advances, deposits and other receivables	13,419	-	13,419
	1,977,718	23,381,047	25,358,765

	2020		
	At fair value through profit or loss	At amortised cost	Total
Financial liabilities	---------- Rupees in '000 ----------		
Payable to Al Meezan Investment Management Limited - Management Company	-	32,677	32,677
Payable to Central Depository Company Limited - Trustee	-	2,349	2,349
Payable against redemption and conversion of units		116,155	116,155
Payable against purchase of investments	-	158,826	158,826
Dividend payable	-	152,480	152,480
Payable to Meezan Bank Limited		654	654
Accrued expenses and other liabilities	-	54,525	54,525
	-	517,666	517,666

	2019		
	At amortised cost	At fair value through profit or loss	Total
Financial assets	---------- Rupees in '000 ----------		
Balances with banks	1,340,974	-	1,340,974
Investments	-	25,014,329	25,014,329
Receivable against sale of investments	152,085	-	152,085
Receivable against conversion of units	62,891	-	62,891
Dividend receivable	117,132	-	117,132
Advances, deposits and other receivables	18,566	-	18,566
	1,691,648	25,014,329	26,705,977

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

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Risks managed and measured by the Fund are explained below:

18.1 Market risk

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

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

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

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund's profit rate risk arises from the balances in savings accounts. At June 30, 2020, if there had been increase / decrease of 100 basis points in interest rates or in rates with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 17.473 million (2019: Rs 13.402 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, the Fund does not hold any fixed rate instrument that may expose the Fund to fixed interest rate risk.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:

	2020					
	Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		Rupees in '000				
Financial assets						
Balances with banks	1.50% - 7.50%	1,747,297	-	-	8,043	1,755,340
Investments		-	-	-	23,381,047	23,381,047
Receivable against sale of investments		-	-	-	73,789	73,789
Receivable against conversion of units		-	-	-	82,856	82,856
Dividend receivable		-	-	-	52,314	52,314
Advances, deposits and other receivables		-	-	-	13,419	13,419
		1,747,297	-	-	23,611,468	25,358,765
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	32,677	32,677
Payable to Central Depository Company Limited - Trustee		-	-	-	2,349	2,349
Payable against redemption and conversion of units		-	-	-	116,155	116,155
Payable against purchase of investments		-	-	-	158,826	158,826
Dividend payable		-	-	-	152,480	152,480
Payable to Meezan Bank Limited		-	-	-	654	654
Accrued expenses and other liabilities		-	-	-	54,525	54,525
		-	-	-	517,666	517,666
On-balance sheet gap (a)		1,747,297	-	-	23,093,802	24,841,099
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		1,747,297	-	-		
Cumulative interest rate sensitivity gap		1,747,297	1,747,297	1,747,297		

	2019					
	Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		Rupees in '000				
Financial assets						
Balances with banks	3.32% - 12.50%	1,340,177	-	-	797	1,340,974
Investments		-	-	-	25,014,329	25,014,329
Receivable against sale of investments		-	-	-	152,085	152,085
Receivable against conversion of units		-	-	-	62,891	62,891
Dividend receivable		-	-	-	117,132	117,132
Advances, deposits and other receivables		-	-	-	18,566	18,566
		1,340,177	-	-	25,365,800	26,705,977
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	79,964	79,964
Payable to Central Depository Company Limited - Trustee		-	-	-	2,579	2,579
Payable against redemption and conversion of units		-	-	-	74,075	74,075
Payable against purchase of investments		-	-	-	122,665	122,665
Payable to Meezan Bank Limited		-	-	-	135	135
Accrued expenses and other liabilities		-	-	-	43,346	43,346
		-	-	-	322,764	322,764
On-balance sheet gap (a)		1,340,177	-	-	25,043,036	26,383,213
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		1,340,177	-	-		
Cumulative interest rate sensitivity gap		1,340,177	1,340,177	1,340,177		

(ii) Currency risk

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

(iii) Price risk

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

The Fund is exposed to equity price risk on investments held by the Fund and classified as '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 35% of the net assets.

In case of 1% increase / decrease in KMI 30 index on June 30, 2020, with all other variables held constant, the total income of the Fund for the year would increase / decrease by Rs 233.810 million (2019: Rs. 250.143 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

18.2 Liquidity risk

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

The Fund is exposed to daily 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:

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000						
Financial assets							
Balances with banks	1,755,340	-	-	-	-	-	1,755,340
Investments	-	-	-	-	-	23,381,047	23,381,047
Receivable against sale of investments	73,789	-	-	-	-	-	73,789
Receivable against conversion of units	82,856	-	-	-	-	-	82,856
Dividend receivable	52,314	-	-	-	-	-	52,314
Advances, deposits and other receivables	10,819	-	-	-	-	2,600	13,419
	1,975,118	**-**	**-**	**-**	**-**	**23,383,647**	**25,358,765**
Financial liabilities							
Payable to Al Meezan Investment Management - Management Company	32,677	-	-	-	-	-	32,677
Payable to Central Depository Company (CDC) Limited - Trustee	2,349	-	-	-	-	-	2,349
Payable against redemption and conversion of units	116,155	-	-	-	-	-	116,155
Dividend payable	152,480	-	-	-	-	-	152,480
Payable against purchase of investments	158,826	-	-	-	-	-	158,826
Payable to Meezan Bank Limited	654	-	-	-	-	-	654
Accrued expenses and other liabilities	-	19,545	34,980	-	-	-	54,525
	463,141	**19,545**	**34,980**	**-**	**-**	**-**	**517,666**
Net assets / (liabilities)	**1,511,977**	**(19,545)**	**(34,980)**	**-**	**-**	**23,383,647**	**24,841,099**

	2019						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000						
Financial assets							
Balances with banks	1,340,974	-	-	-	-	-	1,340,974
Investments	-	-	-	-	-	25,014,329	25,014,329
Receivable against sale of investments	152,085	-	-	-	-	-	152,085
Receivable against conversion of units	62,891	-	-	-	-	-	62,891
Dividend receivable	117,132	-	-	-	-	-	117,132
Advances, deposits and other receivables	15,966	-	-	-	-	2,600	18,566
	1,689,048	**-**	**-**	**-**	**-**	**25,016,929**	**26,705,977**
Financial liabilities							
Payable to Al Meezan Investment Management - Management Company	79,964	-	-	-	-	-	79,964
Payable to Central Depository Company (CDC) Limited - Trustee	2,579	-	-	-	-	-	2,579
Payable against redemption and conversionof units	74,075	-	-	-	-	-	74,075
Payable against purchase of investments	122,665	-	-	-	-	-	122,665
Payable to Meezan Bank Limited	135	-	-	-	-	-	135
Accrued expenses and other liabilities	-	12,082	31,264	-	-	-	43,346
	279,418	**12,082**	**31,264**	**-**	**-**	**-**	**322,764**
Net assets / (liabilities)	**1,409,630**	**2,082)**	**(31,264)**	**-**	**-**	**25,016,929**	**26,383,213**

18.3 Credit risk

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

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	---------- Rupees in '000 ----------			
Balances with banks	1,755,340	1,755,340	1,340,974	1,340,974
Investments	23,381,047	-	25,014,329	-
Receivable against sale of investments	73,789	73,789	152,085	152,085
Receivable against conversion of units	82,856	82,856	62,891	62,891
Dividend receivable	52,314	52,314	117,132	117,132
Advances, deposits and other receivables	13,419	-	18,566	18,566
	25,358,765	1,964,299	26,705,977	1,691,648

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs 23,381.047 million (2019: 25,014.329 million) is not exposed to credit risk.

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

18.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	61.50	2.42
AA+	27.00	34.76
AA	0.04	6.52
A+	11.45	51.63
A	0.01	4.67
	100.00	100.00

18.3.3 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.

19 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
Investments - at fair value through profit or loss	23,381,047	-	-

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
Investments - at fair value through profit or loss	25,014,329	-	-

20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	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	23,848	12,641,223	52.52	26,140	13,544,277	52.62
Associated Companies / Directors	16	2,446,388	10.16	17	3,151,048	12.24
Insurance Companies	5	924,307	3.84	6	879,855	3.42
Banks and DFIs	4	700,668	2.91	3	219,815	0.85
Retirement Funds	128	4,326,278	17.97	143	4,539,812	17.64
Public Limited Companies	2	211,626	0.88	3	207,614	0.81
Others	127	2,821,695	11.72	166	3,197,918	12.42
	24,130	24,072,185	100.00%	26,478	25,740,339	100.00%

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

---------- 2020 ----------		---------- 2019 ----------	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	13%	BMA Capital Management Limited	11%
AKD Securities Limited	8%	Alfalah Securities (Private) Limited	9%
Top Line Securities (Private) Limited	7%	AKD Securities Limited	8%
Fortune Securities Limited	7%	Top Line Securities (Private) Limited	7%
Foundation Securities (Private) Limited	7%	JS Global Capital Limited	7%
BMA Capital Management Limited	6%	Fortune Securities Limited	7%
Alfalah Securities (Private) Limited	6%	Foundation Securities (Private) Limited	6%
EFG Hermes	6%	Optimus Capital Management (Private) Limited	6%
Shajar Capital Pakistan (Private) Limited	5%	Arif Habib Limited	6%
Arif Habib Limited	5%	Shajar Capital Pakistan (Private) Limited	5%

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP/ Head of Research	CFA / MBA (in progress)	Nine years

23.1 The Fund manager of the Fund is Mr. Muhammad Asad. The Fund Manager is not managing any other fund.

24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Designation	Meeting held on				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	Apr 15, 2020	Jun 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

25 CORRESPONDING FIGURES

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

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

27 GENERAL

27.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

27.2 Operational Risk Management

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

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

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

Meezan
Mutual Fund

Al Meezan Mutual Fund (AMMF)

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

LARGEST FUND MANAGER IN PAKISTAN WITH AUMS OF OVER **150 BILLION**

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. ljaz 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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	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
Al Baraka Islamic Bank B.S.C (E.C)
Askari Bank Limited - Islamic Banking
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking
Sindh Bank Limited
UBL Ameen - Islamic Banking

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

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

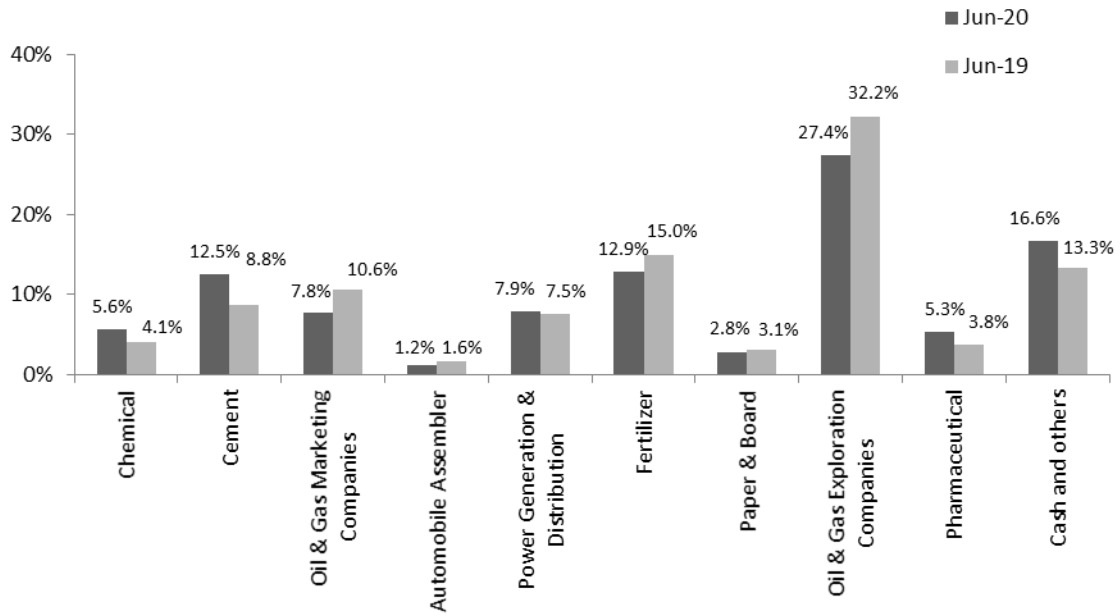
Type of Fund
Open end equity fund

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

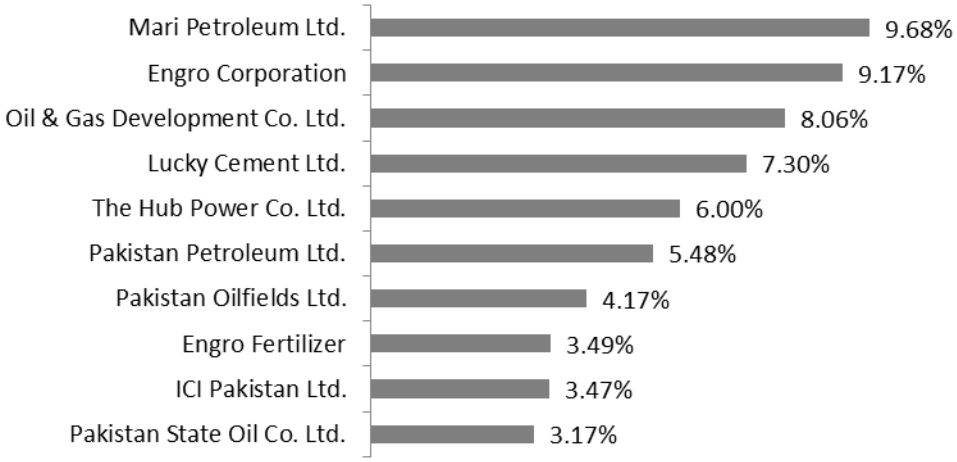
Strategy, Investment Policy and Asset Allocation
The performance of AMMF is directly linked to the performance of the equity market. The fund manager, Al Meezan Investment Management Limited, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. To control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

AMMF started the year with a 96.81% exposure to equities, touched a maximum of 98.84% and minimum of around 91.8% during the fiscal year, on average remaining around 95.36% invested and while closing the year at 96.65% invested percentage. The fund maintained significant exposure to the Oil and Gas Exploration sector which was gradually reduced in 2nd half of FY20 due to negative outlook on oil prices. Exposure to Oil & Gas Marketing companies was also reduced while exposure to cement and pharmaceutical sectors was gradually increased due to positive outlook on these sectors.

Sector Allocation for the year ended FY19 and FY20



Top Holdings

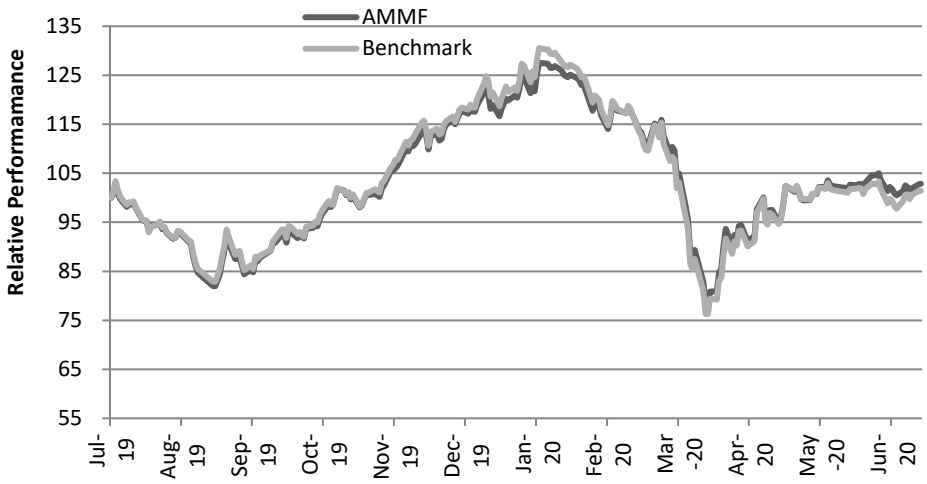


Performance Review

During FY20, Al Meezan Mutual Fund (AMMF) provided a positive return of 3.09% to its investors and the KSE Meezan Index (KMI 30) appreciated by 1.62% to close at 54,995 pts.

	AMMF (NAV)	KMI-30 (Index Points)
Net Asset Value (NAV) as on June 30, 2019- Rs.	13.35	54,119
Net Asset Value (NAV) as on June 30, 2020- Rs.	13.32	54,995
Return During the Period	3.09%	1.62%

AMMF posted a total Income of Rs. 254 million in the fiscal year 2020 as compared to a total loss of Rs. 1,470 million last year. Total income comprised of realized gain and unrealized capital loss on investments of Rs. 82 million and Rs. 32 million respectively. Dividend income contributed Rs. 179 million to income, while profit on saving accounts with banks amounted to Rs. 26 million. After accounting for expenses of Rs. 144 million, the Fund posted a net income of Rs. 110 million. The net assets of the Fund as at June 30, 2020 were Rs. 3,913 million as compared to Rs. 4,768 million last year depicting a decline of 18%. The net asset value per unit as at June 30, 2020 was Rs. 13.32 as compared to Rs. 13.35 per unit as on June 30, 2019.



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, 2020 an amount of Rs. 5.1 million was accrued as charity payable.

Distributions

The final distribution in the form of cash dividend by the Fund during the fiscal year ended June 30, 2020 was Rs. 0.45 per unit (4.5%). Total distribution made by the fund was Rs. 129 million.

Breakdown of unit holdings by size:

(As on June 30, 2020)

Range (Units)	No. of investors
1 - 9,999	2,879
10,000 - 49,999	780
50,000 - 99,999	203
100,000 - 499,999	183
500,000 and above	52
Total	**4,097**

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	3	3	0	0
Percentage		100%	0%	0%

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.

PERFORMANCE TABLE	**2020**	**2019**	**2018**	**2017**	**2016**
Net assets (Rs. in '000) (ex-distribution)	3,913,337	4,767,806	6,864,010	9,079,465	5,418,397
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	13.3176	13.3539	17.6583	21.1400	17.9900
Offer price per unit as at June 30 (Rs.) (ex-distribution)	13.6185	13.6557	18.0574	21.6200	18.4700
Highest offer price per unit (Rs.)	17.4528	18.6141	21.9300	25.5900	19.5700
Lowest offer price per unit (Rs.)	10.7231	13.0763	16.7800	18.9000	15.4900
Highest redemption price per unit (Rs.)	17.0671	18.2027	21.4500	25.0200	19.0700
Lowest redemption price per unit (Rs.)	10.4862	12.7874	16.4100	18.4800	15.0900
Distribution (%)					
- Annual	N/A	N/A	N/A	N/A	N/A
- Interim	4.50	N/A	N/A	10	8.2
Dates of distribution	June 30, 2020	N/A	N/A	June 23, 2018	June 24, 2016
Income distribution (Rupees in '000)	128,690	N/A	N/A	412,311	235,503
Growth distribution (Rupees in '000)	N/A	N/A	N/A	N/A	N/A
Total return (%)	3%	-24%	-16%	23%	16%
	One year	**Two year**	**Three year**	**Four year**	**Five year**
Average annual return (%) as at June 30, 2020	3%	-12%	-13%	-5%	-1%

Meezan Bank
The Premier Islamic Bank

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

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the twenty fifth year of operations of Al Meezan Mutual Fund (AMMF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *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 Adviser*, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non- *Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non-Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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

i. We have reviewed and approved the modes of investments of AMMF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of AMMF as on June 30, 2020 and their evaluation according to the screening criteria established by us. (December 31, 2019 accounts of the Investee companies have been used for the following calculations*):

	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
Company Name	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Mari Petroleum Ltd	Oil & Gas Exploration Companies	7.83%	17.76%	3.13%	30.37%	(664.23)	
Engro Corporation Ltd.	Fertilizer	28.34%	22.25%	4.72%	58.58%	(220.55)	
Oil & Gas Development Co. Ltd.	Oil & Gas Exploration Companies	0.00%	7.95%	7.74%****	33.64%	90.21	142.32

Lucky Cement Ltd.	Cement	25.55%	0.71%	2.59%	85.13%	(279.47)	
The Hub Power Co. Ltd***	Power Generation & Distribution Company	32.34%	0.00%	7.32%	53.77%	(43.08)	
Pakistan Oilfields Ltd.	Oil & Gas Exploration Companies	0.00%	1.35%	4.09%	44.36%	7.96	446.72
Engro Fertilizer	Fertilizer	26.23%	4.34%	1.34%	69.88%	(34.07)	
ICI Pakistan Ltd.	Chemical	25.42%	0.00%	0.06%	81.71%	(196.58)	

* 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.
**** OGDC is facing circular debt issues. Company is bound to retain interest bearing TFC/Bonds having no permission to sell from government. Due to high interest rate during July-Dec 2019, non-compliant income is high and exceeds 5%. Company had provided written confirmation that its non-compliant income ratio will be less than 5% due to lower interest rates during July-Dec 2020.

ii. On the basis of information provided by the management, all operations of AMMF for the year ended June 30, 2020 have been in compliance with the *Shari'ah* principles.

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

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shariah Advisor

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

AL MEEZAN MUTUAL FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Al Meezan Mutual Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Al Meezan Mutual Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Meezan Mutual Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 1.6 to the financial statements which describes the matter relating to excess distribution made by the Fund. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer note 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 3,782.362 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: ▪ Tested the design and operating effectiveness of the key controls for valuation of investments; ▪ Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2020 and traced it with the books and records of the Fund; and ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Chartered Accountants

Karachi

Date: September 22, 2020

AL MEEZAN MUTUAL FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Assets			
Balances with banks	5	259,646	271,162
Investments	6	3,782,362	4,614,607
Receivable against sale of investments		16,861	20,993
Receivable against conversion of units		21,337	13,534
Dividend receivable		9,316	25,200
Advances, deposits, prepayments and other receivables	7	3,025	8,444
Total assets		4,092,547	4,953,940
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	5,351	14,897
Payable to Central Depository Company of Pakistan Limited - Trustee	9	455	552
Payable to the Securities and Exchange Commission of Pakistan	10	853	5,952
Payable to Meezan Bank Limited		20	23
Payable against purchase of investments		9,988	3,468
Payable against conversion and redemption of units		23,718	45,466
Dividend payable		19,572	4,917
Accrued expenses and other liabilities	11	119,253	110,859
Total liabilities		179,210	186,134
NET ASSETS		3,913,337	4,767,806
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		3,913,337	4,767,806
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		293,846,741	357,035,000
		(Rupees)	
NET ASSET VALUE PER UNIT		13.3176	13.3539

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

AL MEEZAN MUTUAL FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Income			
Dividend income		178,811	298,529
Profit on saving account with banks		25,720	30,699
Realised gain / (loss) on sale of investments - net		81,626	(492,541)
		286,157	(163,313)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(32,495)	(1,307,555)
Total income / (loss)		253,662	(1,470,868)
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	84,366	125,315
Sindh Sales Tax on remuneration of the Management Company	8.2	10,968	16,291
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	5,219	7,266
Sindh Sales Tax on remuneration of the Trustee	9.2	678	945
Annual fee to Securities and Exchange Commission of Pakistan	10	853	5,952
Auditors' remuneration	13	815	891
Fees and subscription		567	772
Brokerage expense		10,787	4,755
Bank and settlement charges		1,183	1,044
Allocated expenses	15	4,218	6,266
Selling and marketing expenses	16	16,873	25,063
Charity expense	11.1	5,129	5,268
Provision for Sindh Workers' Welfare Fund (SWWF)		2,240	-
Total expenses		143,896	199,828
Net income / (loss) for the year before taxation		109,766	(1,670,696)
Taxation	17	-	-
Net income / (loss) for the year after taxation		109,766	(1,670,696)
Allocation of net income for the year			
Net income for the year after taxation		109,766	-
Income already paid on units redeemed		(3,575)	-
		106,191	-
Accounting income available for distribution			
- Relating to capital gains		49,131	-
- Excluding capital gains		57,060	-
		106,191	-

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

AL MEEZAN MUTUAL FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in '000)	
Net income / (loss) for the year after taxation	109,766	(1,670,696)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	109,766	(1,670,696)

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

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

AL MEEZAN MUTUAL FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020				2019		
	Capital Value	Accumulated losses	Over distribution	Total	Capital Value	Undistributed income / (Accumulated losses)	Total
	(Rupees in '000)				(Rupees in '000)		
Net assets at the beginning of the year as previously reported (Audited)	4,877,433	(109,627)	-	4,767,806	5,302,941	1,361,518	6,664,459
Effect of adoption of IFRS 9	-	-	-	-	-	199,551	199,551
Net assets at the beginning of the year	4,877,433	(109,627)	-	4,767,806	5,302,941	1,561,069	6,864,010
Issuance of 325,182,835 units (2019: 132,552,885 units)							
- Capital value (at net asset value per unit at the beginning of the year)	4,342,459	-	-	4,342,459	2,340,659	-	2,340,659
- Element of income / (loss)	267,904	-	-	267,904	(243,925)	-	(243,925)
Total proceeds on issuance of units	4,610,363	-		4,610,363	2,096,734	-	2,096,734
Redemption of 388,371,094 units (2019: 164,229,765 units)							
- Capital value (at net asset value per unit at the beginning of the year)	5,186,269	-	-	5,186,269	2,900,018	-	2,900,018
- Element of loss / (income)	256,064	3,575	-	259,639	(377,776)	-	(377,776)
Total payments on redemption of units	5,442,333	3,575		5,445,908	2,522,242	-	2,522,242
Total comprehensive income / (loss) for the year	-	109,766	-	109,766	-	(1,670,696)	(1,670,696)
Distribution during the year	-	(106,191)	(22,499)	(128,690)	-	-	-
Refund of Capital during the year	-	-	-	-	-	-	-
Income / (loss) for the year less distribution	-	3,575	(22,499)	(18,924)	-	(1,670,696)	(1,670,696)
Net assets at the end of the year	4,045,463	(109,627)	(22,499)	3,913,337	4,877,433	(109,627)	4,767,806

(Accumulated losses) / undistributed income brought forward				
- Realised income	1,197,928		2,209,183	
- Unrealised loss	(1,307,555)		(847,665)	
	(109,627)		1,361,518	
Effect of adoption of IFRS 9	-		199,551	
	(109,627)		1,561,069	
Accounting income available for distribution (after adjusting income already paid on units redeemed)				
- Relating to capital gains	49,131		-	
- Excluding capital gains	57,060		-	
	106,191		-	
Net loss for the year after taxation	-		(1,670,696)	
Distribution during the year	(106,191)		-	
Accumulated losses carried forward	(109,627)		(109,627)	
Accumulated losses carried forward				
- Realised (loss) / income	(77,132)		1,197,928	
- Unrealised loss	(32,495)		(1,307,555)	
	(109,627)		(109,627)	
		(Rupees)		**(Rupees)**
Net assets value per unit at the beginning of the year		13.3539		17.6583
Net assets value per unit at the end of the year		13.3176		13.3539

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

AL MEEZAN MUTUAL FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before taxation		109,766	(1,670,696)
Adjustments for:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		32,495	1,307,555
		142,261	(363,141)
Decrease / (increase) in assets			
Investments - net		799,750	632,886
Dividend receivable		15,884	(6,109)
Receivable against sale of investments		4,132	(20,993)
Advances, deposits, prepayments and other receivables		5,419	1
		825,185	605,785
Increase / (decrease) in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(9,546)	(18,799)
Payable to Central Depository Company of Pakistan Limited - Trustee		(97)	(195)
Payable to the Securities and Exchange Commission of Pakistan		(5,099)	(1,284)
Payable to Meezan Bank Limited		(3)	(176)
Payable against purchase of investments		6,520	3,468
Accrued expenses and other liabilities		8,394	11,675
		169	(5,311)
Net cash generated from operating activities		967,615	237,333
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		4,602,560	2,089,703
Payment against issuance and conversion of units		(5,467,656)	(2,496,187)
Dividend paid		(114,035)	-
Net cash used in financing activities		(979,131)	(406,484)
Net decrease in cash and cash equivalents		(11,516)	(169,151)
Cash and cash equivalents at the beginning of the year		271,162	440,313
Cash and cash equivalents at the end of the year	5	259,646	271,162

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

AL MEEZAN MUTUAL FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Al Meezan Mutual Fund (the Fund) was constituted by virtue of a scheme of arrangement for conversion of Al Meezan Mutual Fund Limited (AMMFL) into an Open End Scheme under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 17, 2011 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, (the NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

1.2 The Fund has been formed to provide the unit holders safe and stable stream of halal income on their investments and to generate superior long-term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point of time. The objective of the Fund is to provide the maximum total return to the unitholders from investment in "Shariah Compliant" equity investments for the given level of risk, while abiding by the regulations and any other prevailing rules and regulations. At least seventy percent of its net assets shall remain invested in listed equity securities during the year based on quarterly average investment calculated on daily basis. The remaining net assets shall be invested in cash and near cash instruments. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.3 The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorized as an Equity Scheme.

1.4 The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 29, 2018) and by PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

1.6 During the year, the Fund has made a distribution of Rs 132.265 million (including income already paid on units redeemed of Rs 3.575 million). However, the maximum amount available for distribution for the current year as per the criteria given in the constitutive documents of the Fund was Rs 109.766 million. The excess distribution made by the Fund amounting to Rs 22.499 million has been disclosed in the statement of movement in the Unit holders' Fund as "over distribution". The Fund intends to adjust the same in the future years through subsequent available profits.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

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

Amendments	Effective date (accounting periods beginning on or after)
- 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, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

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

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

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

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

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

4.3.3 Regular way contracts

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

4.3.4 Initial recognition and measurement

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

4.3.5 Derecognition

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

4.3.6 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

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

4.12 Expenses

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

4.13 Taxation

Current

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

Deferred

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

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

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

4.14 Earnings / (loss) per unit

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

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

4.15 Foreign currency translation

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

5 BALANCES WITH BANKS	Note	2020	2019
		---------- Rupees in '000 ----------	
Balances with banks in:			
Savings accounts	5.1	249,528	263,605
Current account		10,118	7,557
		259,646	271,162

5.1 The balances in saving accounts of the Fund carry profit rates ranging from 2.00% to 7.50% per annum (2019: 3.32% to 12.50% per annum).

6 INVESTMENTS	Note	2020	2019
		---------- Rupees in '000 ----------	
Listed equity securities - 'at fair value through profit or loss'	6.1	3,782,362	4,614,607

6.1 Investments in equity securities - listed

Name of the investee company	As at July 1, 2019	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market Value as at June 30, 2020	Unrealised appreciation / (diminution) as at June 30, 2020	Percentage in relation to		
									Net assets of the Fund	Market value of total investment	Paid-up capital of investee company (with face value of investment)
	----------(Rupees in '000)----------								----------% ----------		
Automobile Assembler											
Ghandhara Industries Limited	168,700	-	-	166,500	2,200	192	266	74	0.01	0.01	0.01
Honda Atlas Cars (Pakistan) Limited	-	31,300	-	-	31,300	5,534	6,062	528	0.15	0.16	0.02
Indus Motor Company Limited	-	35,640	-	-	35,640	43,211	35,461	(7,750)	0.91	0.94	0.05
Millat Tractors Company Limited	75,750	14,000	6,075	86,150	9,675	6,977	6,832	(145)	0.17	0.18	0.02
									1.24	**1.29**	**0.09**
Automobile Parts and Accessories											
Agriauto Industries Limited (note 6.1.1)	-	75,000	-	-	75,000	15,755	13,650	(2,105)	0.35	0.36	0.26
Ghandhara Nissan Limited	3,163	-	-	3,163	-	-	-	-	-	-	-
									0.35	**0.36**	**0.26**
Cement											
Cherat Cement Company Limited	-	830,000	10,000	840,000	-	-	-	-	-	-	-
DG Khan Cement Company Limited	348,405	1,694,500	-	1,243,405	799,500	64,482	68,221	3,739	1.74	1.80	0.18
Fauji Cement Company Limited		3,001,500	-	2,956,500	45,000	751	760	9	0.02	0.02	0.00
Kohat Cement Limited	730,520	1,045,000	-	1,102,500	673,020	91,418	92,507	1,089	2.36	2.45	0.34
Lucky Cement Limited	964,067	483,900	-	799,900	648,067	265,962	299,135	33,173	7.64	7.91	0.20
Maple Leaf Cement Limited	425,312	3,663,265	-	2,117,000	1,971,577	49,846	51,222	1,376	1.31	1.35	0.18
Pioneer Cement Limited	7,800	-	-	7,800	-	-	-	-	-	-	-
									13.07	**13.53**	**0.89**
Chemicals											
Engro Polymer & Chemicals Limited	1,365,541	5,073,000	-	4,120,500	2,318,041	73,250	57,905	(15,345)	1.48	1.53	0.26
Lotte Chemical Pakistan Limited	-	1,265,000	-	1,200,000	65,000	613	647	34	0.02	0.02	-
ICI Pakistan Limited	231,679	48,100	-	75,100	204,679	114,948	142,193	27,245	3.63	3.76	0.22
Ittehad Chemicals Limited	-	216,000	-	-	216,000	6,135	5,692	(443)	0.15	0.15	0.26
Sitara Chemical Industries Limited	57,000	-	-	-	57,000	17,435	15,795	(1,640)	0.40	0.42	0.27
Sitara Peroxide Limited	-	400,000	-	-	400,000	8,603	8,164	(439)	0.21	0.22	0.73
									5.89	**6.09**	**1.72**
Commercial Banks											
BankIslami Pakistan Limited		2,579,500	-	2,147,500	432,000	4,666	3,266	(1,400)	0.08	0.09	0.04
Meezan Bank Limited	898,050	1,976,000	-	1,525,000	1,349,050	100,589	92,882	(7,707)	2.37	2.46	0.10
									2.46	**2.54**	**0.14**
Engineering											
Amreli Steels Limited	-	250,000	-	250,000	-	-	-	-	-	-	-
International Industries Limited	-	816,000	-	594,700	221,300	23,481	20,300	(3,181)	0.52	0.54	0.17
International Steel Limited	-	1,116,500	-	390,000	726,500	32,249	37,524	5,275	0.96	0.99	0.17
Mughal Iron and Steel Industries	-	151,000	-	150,000	1,000	33	40	7	-	-	-
									1.48	**1.53**	**0.33**
Fertilizer											
Dawood Hercules Corporation Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Engro Corporation Limited (note 6.1.2)	1,846,890	474,200	-	1,037,300	1,283,790	361,988	376,048	14,060	9.61	9.94	0.22
Engro Fertilizers Limited	3,976,000	1,240,500	-	2,842,000	2,374,500	154,469	143,135	(11,334)	3.66	3.78	0.18
Fatima Fertilizers Company Limited	-	287,000	-	-	287,000	7,885	7,672	(213)	0.20	0.20	0.01
									13.46	**13.93**	**0.41**
Food and Personal Care Products											
Al-Shaheer Corporation Limited	12,230	281	-	-	12,511	157	143	(14)	-	-	0.01
National Foods Limited (note 6.1.1)	4,600	-	820	500	4,920	755	1,232	477	0.03	0.03	-
									0.03	**0.03**	**0.01**
Glass and Ceramics											
Ghani Glass Limited	-	227,500	-	-	227,500	11,925	9,362	(2,563)	0.24	0.25	0.04
Tariq Glass Industries Limited	279,700	25,000	1,600	276,500	29,800	1,595	1,923	328	0.05	0.05	0.03
									0.29	**0.30**	**0.07**
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	365,310	17,960	34,631	97,020	320,881	299,522	396,817	97,295	10.14	10.49	0.24
Oil and Gas Development Company Limited	3,879,800	1,933,000	-	2,783,412	3,029,388	358,305	330,203	(28,102)	8.44	8.73	0.07
Pakistan Oilfields Limited	661,629	237,000	-	410,700	487,929	175,938	171,083	(4,855)	4.37	4.52	0.17
Pakistan Petroleum Limited	3,127,022	1,480,000	486,404	2,505,513	2,587,913	295,280	224,579	(70,701)	5.74	5.94	0.10
									28.68	**29.69**	**0.58**

Name of the investee company	As at July 1, 2019	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market Value as at June 30, 2020	Unrealised appreciation / (diminution) as at June 30, 2020	Percentage in relation to		
									Net assets of the Fund	Market value of total investment	Paid-up capital of investee company (with face value of investment)
	----------(Rupees in '000)----------								----------% ----------		
Oil & Gas Marketing Companies											
Attock Petroleum Limited	105,138	73,200	-	6,000	172,338	49,714	52,598	2,884	1.34	1.39	0.17
Hascol Petroleum Limited	205,757	3,594,618	-	1,719,000	2,081,375	42,734	28,307	(14,427)	0.72	0.75	0.21
Hi-Tech Lubricant Limited	-	85,000	-	-	85,000	2,556	2,574	18	0.07	0.07	0.07
Pakistan State Oil Company Limited	1,436,907	955,500	206,381	1,776,100	822,688	134,152	130,116	(4,036)	3.32	3.44	0.18
Shell Pakistan Limited	-	23,700	-	-	23,700	4,185	4,327	142	0.11	0.11	0.02
Sui Northern Gas Pipeline Limited	3,411,500	1,068,000	-	2,600,500	1,879,000	129,128	102,593	(26,535)	2.62	2.71	0.30
									8.19	**8.48**	**0.96**
Paper and Board											
Century Paper and Board Mills Limited	-	350,000	-	-	350,000	23,070	25,050	1,980	0.64	0.66	0.24
Cherat Packaging Limited	248,846	125,500	11,334	260,500	125,180	14,675	14,665	(10)	0.37	0.39	0.29
Packages Limited	447,428	-	-	241,500	205,928	61,894	71,500	9,606	1.83	1.88	0.23
Roshan Packages Limited	-	200,000	-	-	200,000	4,112	4,484	372	0.11	0.12	0.14
									2.96	**3.04**	**0.90**
Pharmaceuticals											
Abbott Laboratories Pakistan Limited	5,150	-	-	5,150	-	-	-	-	-	-	-
AGP Limited	1,205,250	1,126,500	-	1,370,000	961,750	100,526	105,540	5,014	2.70	2.79	0.34
GlaxoSmithKline Consumer Health Care Limited	208,000	5,800	-	63,600	150,200	29,364	40,806	11,442	1.04	1.08	0.13
GlaxoSmithKline Pakistan Limited	-	10,000	-	-	10,000	1,552	1,741	189	0.04	0.05	-
Highnoon Laboratories Limited	1,592	-	159	-	1,751	403	878	475	0.02	0.02	0.01
The Searle Company Limited	419,248	212,000	-	293,000	338,248	57,143	67,389	10,246	1.72	1.79	0.16
									5.53	**5.73**	**0.65**
Power Generation and Distribution											
K-Electric Limited (note 6.1.1)	30,513,500	10,841,500	-	15,381,500	25,973,500	113,495	78,180	(35,315)	2.00	2.07	0.09
The Hub Power Company Limited	3,040,816	1,341,500	-	990,000	3,392,316	263,126	245,943	(17,183)	6.28	6.50	0.26
									8.28	**8.57**	**0.36**
Technology and Communication											
Avanceon Limited	208,400	130,000	13,040	208,000	143,440	3,636	5,072	1,436	0.13	0.13	0.07
NetSol Technologies Limited	-	60,000		60,000	-	-	-	-	-	-	-
Systems Limited	173,250	615,000	-	522,500	265,750	47,523	48,813	1,290	1.25	1.29	0.22
									1.38	**1.42**	**0.28**
Textile Composite											
Nishat Mills Limited	629,400	557,400	-	1,036,700	150,100	8,731	11,709	2,978	0.30	0.31	0.04
Interloop Limited	2,133,000	79,500	-	410,500	1,802,000	80,231	79,144	(1,087)	2.02	2.09	0.21
									2.32	**2.40**	**0.25**
Textile Weaving											
Feroze1888 Mills Limited	443,000	10,000	-	2,300	450,700	45,426	36,867	(8,559)	**0.94**	**0.97**	**0.12**
Vanaspati and Allied Industries											
Unity Foods Limited	1,159,845	5,650,000	-	6,509,845	300,000	3,532	3,345	(187)	**0.09**	**0.09**	**0.06**
Right Certificate											
Cement											
Maple Leaf Cement Company Limited*	-	-	265	265	-	-	-	-	-	-	-
Food and Personal Care Products											
Al-Shaheer Corporation Limited*	-	-	610	610	-	-	-	-	-	-	-
Oil and Gas Marketing Companies											
Hascol Petroleum Limited*	-	-	1,612,618	1,612,618	-	-	-	-	-	-	-
Total as at June 30, 2020						**3,814,857**	**3,782,362**	**(32,495)**	**96.63**	**100.00**	
Total as at June 30, 2019						**5,922,162**	**4,614,607**	**(1,307,555)**			

*The right certificates were exercised during the year and the shares are included in the investment in Al-Shaheer Corporation Limited, Hascol Petroleum Limited and Maple Leaf Cement Company Limited above.

6.1.1 All shares have a nominal value of Rs 10 each except for the shares of Agriauto Industries Limited and National Foods Limited which have a nominal value of Rs 5 each and K-Electric Limited which have a nominal value of Rs 3.5 each.

6.1.2 150,000 shares (June 30, 2019: 150,000 shares) of Engro Corporation Limited, having market value of Rs 43.94 million (June 30, 2019: Rs 39.84 million) as at June 30, 2020, have been pledged as collateral in favour of National Clearing Company Pakistan Limited against exposure margins and mark to market losses.

6.1.3 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 year ended June 2019. During the current year, 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, 2020, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.7.794 million (2019: Rs 6.060 million).

		Note	2020	2019
			---------- Rupees in '000 ----------	
6.2	**Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss**			
	Market value of investments	6.1	3,782,362	4,614,607
	Carrying value of investments	6.1	(3,814,857)	(5,922,162)
			(32,495)	(1,307,555)
7	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Security deposit with Central Depository Company of Pakistan Limited		238	238
	Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
	Prepayments		-	28
	Profit accrued on balances with banks		287	5,678
			3,025	8,444

8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2020	2019
			---------- Rupees in '000 ----------	
	Management fee payable	8.1	877	8,138
	Sindh Sales Tax on Management fee payable	8.2	114	1,058
	Allocated expenses payable	15	325	407
	Sales load payable		192	82
	Sindh Sales Tax on sales load		25	11
	Selling and marketing expenses payable	16	3,818	5,201
			5,351	14,897

8.1 As per regulation 61 of the NBFC Regulations 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2019: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs. 10.968 million (2019: Rs. 16.291 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. 11.182 million (2019: Rs. 16.737 million) has been paid to the Management Company which acts as a collecting agent.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2020	2019
			---------- Rupees in '000 ----------	
	Trustee fee payable	9.1	403	489
	Sindh Sales Tax payable on trustee fee	9.2	52	63
			455	552

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

On net assets:

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

9.2 During the year, an amount of Rs 0.678 million (2019: Rs. 0.945 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. 0.689 million (2019: Rs. 0.967 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 is required to pay annual fee to the Securities and Exchange Commission of Pakistan.

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020	2019
			---------- Rupees in '000 ----------	
	Auditors' remuneration payable		585	565
	Brokerage payable		7,082	4,775
	Shariah advisor fee payable		269	817
	Charity payable	11.1	6,827	5,197
	Withholding tax payable		9,415	7,394
	Capital gain tax payable		1,469	695
	Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.2	37,524	37,524
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.2	3,732	3,732
	Provision for Sindh Workers' Welfare Fund (SWWF)	11.3	52,308	50,068
	Zakat payable		42	92
			119,253	110,859

11.1 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, during the year ended June 30, 2020, Shariah non-compliant income amounting to Rs 5.129 million (2019 : Rs 5.268 million) was charged as charity expense and Rs 3.5 million was disbursed to following charitable / welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Roshni Homes	200
2	Women Islamic Lawyer (WIL) Forum	200
3	Jamal Noor Hospital	300
4	Fatimid Foundation Kidney Center	300
5	Autism Society of Pakistan	500
6	Chippa Welfare Association	500
7	Edhi Foundation	500
8	The Patients behbud Society for AKUH	1,000
	Total	3,500

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 41.256 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2020 would have been higher by Re 0.14 (2019: Re 0.12) per unit.

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.18 per unit (2019: Re 0.14 per unit).

12 CONTINGENCIES AND COMMITMENTS

12.1 There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

13 AUDITORS' REMUNERATION

	2020	2019
	---------- Rupees in '000 ----------	
Annual audit fee	655	567
Half yearly review	119	128
Fee for other certifications	-	120
Out of pocket expenses	41	76
	815	891

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 3.41% which includes 0.38% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, Federal Excise Duties, Annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

15 ALLOCATED EXPENSES

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

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average

annual net assets of the scheme for allocation of such expenses to the Fund for the year ended June 30, 2020.

16 SELLING AND MARKETING EXPENSES

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.

During the current year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company, based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

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, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

18.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan 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.

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

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

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

Balances	2020	2019
	---------- Rupees in '000 ----------	
Al Meezan Investment Management Limited (Management Company)		
Remuneration Payable	877	8,138
Sindh Sales Tax on management fee payable	114	1,058
Sales load payable	192	82
Sindh Sales Tax on sales load payable	25	11
Allocated expenses payable	325	407
Selling and marketing expenses payable	3,818	5,201
Investment of 30,854,173 units (2019: 37,780,110 units)	410,904	504,511
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Security deposit refundable	238	238
Remuneration payable	403	489
Sindh Sales Tax on trustee fee payable	52	63
Meezan Bank Limited		
Profit receivable on saving account	70	548
Balance with bank	16,414	33,383
Sales load payable	18	20
Sindh Sales Tax on sales load	2	3
Investment of 22,984,581 units (2019: 22,232,227 units)	306,099	296,887
Investment in 1,349,050 shares (2019: 898,050 shares)	92,882	78,274
MSAF - Meezan Strategic Allocation Plan - I		
Investment of 9,865,832 units (2019: 18,848,469 units)	131,389	251,700
MSAF - Meezan Strategic Allocation Plan - II		
Investment of 12,644,001 units (2019: 22,818,600 units)	168,388	304,717
MSAF - Meezan Strategic Allocation Plan - IV		
Investment of 7,770,394 units (2019: 1,877,734 units)	103,483	25,075
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment 3,382,999 units (2019: 39,791 units)	45,053	531
MSAF - Meezan Strategic Allocation Plan - III		
Investment of 563,466 units (2019: nil units)	7,504	-

	2020	2019
	---------- Rupees in '000 ----------	
MSAF - Meezan Strategic Allocation Plan - V		
Investment of 160,990 units (2019: nil units)	2,144	-
Directors and executives of the Management Company		
Investment 8,693,977 units (2019: 32,730,550 units)	115,783	437,080
Pakistan Kuwait Investment Company (Private) Limited		
Investment of 16,895,690 units (2019: 16,895,690 units)	225,010	225,623
Unitholders holding 10% or more units of the Fund	410,904	504,511

Transactions during the year	For the year ended June 30, 2020	2019
	---------- Rupees in '000 ----------	
Al Meezan Investment Management Limited (Management Company)		
Remuneration charged	84,366	125,315
Sindh Sales Tax on remuneration of the Management Company	10,968	16,291
Allocated expenses	4,218	6,266
Selling and marketing expenses	16,873	25,063
Issuance of 49,024,338 units (2019: 3,939,591 units)	704,081	61,050
Redemption of 55,950,275 units (2019: 5,931,451 units)	806,474	100,000
Dividend paid	13,496	-
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Remuneration of the Trustee	5,219	7,266
Sindh Sales Tax on remuneration of the Trustee	678	945
CDS charges	286	217
Meezan Bank Limited		
Profit on saving account	4,160	647
Purchase of 1,976,000 shares (2019: 2,576,500 shares)	140,500	229,377
Sale of 1,525,000 shares (2019: 1,781,000 shares)	106,094	160,017
Issuance of 752,354 units (2019: nil units)	10,005	-
Dividend income	4,785	-
Dividend paid	10,005	-
MSAF - Meezan Strategic Allocation Plan - I		
Issuance of 10,488,716 units (2019: 5,972,333 units)	143,527	100,000
Redemption of 19,471,353 units (2019: 57,232 units)	255,703	760
Dividend paid	4,294	-
MSAF - Meezan Strategic Allocation Plan - II		
Issuance of 12,955,442 units (2019: nil units)	177,691	-
Redemption of 23,130,041 units (2019: nil units)	308,947	-
Dividend Paid	5,504	-
MSAF - Meezan Strategic Allocation Plan - IV		
Issuance of 13,408,706 units (2019: nil units)	188,742	-
Redemption of 7,516,046 units (2019: nil units)	103,360	-
Dividend Paid	3,382	-
Meezan Financial Planning Fund of Funds - MAAP - I		
Issuance of 7,703,700 units (2019: nil units)	112,472	-
Redemption of 4,360,492 units (2019: nil units)	61,000	-
Dividend Paid	1,473	-

	For the year ended June 30, 2020	2019
	---------- Rupees in '000 ----------	
Meezan Financial Planning Fund of Funds - MAAP - IV		
Redemption of nil units (2019: 1,304,322 units)	-	21,964
MSAF - Meezan Strategic Allocation Plan - III		
Issuance of 1,108,489 units (2019: nil units)	14,740	-
Redemption of 545,023 units (2019: nil units)	7,495	-
Dividend Paid	245	-
MSAF - Meezan Strategic Allocation Plan - V		
Issuance of 316,711 units (2019: nil units)	4,212	-
Redemption of 155,721 units (2019: nil units)	2,141	-
Dividend Paid	70	-
Pakistan Kuwait Investment Company (Private) Limited		
Dividend Paid	7,603	-
Directors and executives of the Management Company		
Issuance of units 5,641,735 (2019: 15,998,263 units)	75,796	219,503
Redemption of 29,678,309 units (2019: 2,534,463 units)	349,173	40,705

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

	2020		
	At amortised cost	At fair value through profit or loss	Total
	---------- Rupees in '000 ----------		
Financial assets			
Balances with banks	259,646	-	259,646
Investments	-	3,782,362	3,782,362
Receivable against sale of investments	16,861	-	16,861
Receivable against conversion of units	21,337	-	21,337
Dividend receivable	9,316	-	9,316
Advances, deposits and other receivables	3,025	-	3,025
	310,185	3,782,362	4,092,547

	2020		
	At fair value through profit or loss	At amortised cost	Total
	---------- Rupees in '000 ----------		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	5,351	5,351
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	455	455
Payable to Meezan Bank Limited	-	20	20
Payable against conversion and redemption of units	-	23,718	23,718
Payable against purchase of investments	-	9,988	9,988
Dividend payable	-	19,572	19,572
Accrued expenses and other liabilities	-	14,763	14,763
	-	73,867	73,867

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

	2019		
	At fair value through profit or loss	At amortised cost	Total
Financial liabilities	Rupees in '000		
Payable to Al Meezan Investment Management Limited - Management Company	-	14,897	14,897
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	552	552
Payable to Meezan Bank Limited		23	23
Payable against conversion and redemption of units	-	45,466	45,466
Payable against purchase of investments	-	3,468	3,468
Dividend payable		4,917	4,917
Accrued expenses and other liabilities	-	11,354	11,354
	-	80,677	80,677

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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 risk, currency risk and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 2.559 million (2019: Rs. 2.636 million).

b) Sensitivity analysis for fixed rate instruments

As at 30 June 2020, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 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, 2020 can be determined as follows:

	2020				
	Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		Rupees in '000				
Financial assets						
Balances with banks	2.00% - 7.50%	249,528	-	-	10,118	259,646
Investments		-	-	-	3,782,362	3,782,362
Receivable against sale of investments		-	-	-	16,861	16,861
Receivable against conversion of units		-	-	-	21,337	21,337
Dividend receivable		-	-	-	9,316	9,316
Advances, deposits and other receivables		-	-	-	3,025	3,025
		249,528	**-**	**-**	**3,843,019**	**4,092,547**
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	5,351	5,351
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	455	455
Payable to Meezan Bank Limited		-	-	-	20	20
Payable against conversion and redemption of units		-	-	-	23,718	23,718
Payable against purchase of investments		-	-	-	9,988	9,988
Dividend payable					19,572	19,572
Accrued expenses and other liabilities		-	-	-	14,763	14,763
		-	**-**	**-**	**73,867**	**73,867**
On-balance sheet gap (a)		**249,528**	**-**	**-**	**3,769,152**	**4,018,680**
Off-balance sheet financial instruments		**-**	**-**	**-**	**-**	**-**
Off-balance sheet gap (b)		**-**	**-**	**-**	**-**	**-**
Total profit rate sensitivity gap (a+b)		**249,528**	**-**	**-**		
Cumulative profit rate sensitivity gap		**249,528**	**249,528**	**249,528**		

	Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		---------- Rupees in '000 ----------				
Financial assets						
Balances with banks	3.32% - 12.50%	263,605	-	-	7,557	271,162
Investments		-	-	-	4,614,607	4,614,607
Receivable against sale of investments		-	-	-	20,993	20,993
Receivable against conversion of units		-	-	-	13,534	13,534
Dividend receivable		-	-	-	25,200	25,200
Advances, deposits and other receivables		-	-	-	8,416	8,416
		263,605	-	-	4,690,307	4,953,912
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	14,897	14,897
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	552	552
Payable to Meezan Bank Limited		-	-	-	23	23
Payable against conversion and redemption of units		-	-	-	45,466	45,466
Payable against purchase of investments		-	-	-	3,468	3,468
Dividend payable					4,917	4,917
Accrued expenses and other liabilities		-	-	-	11,354	11,354
		-	-	-	80,677	80,677
On-balance sheet gap (a)		263,605	-	-	4,609,630	4,873,235
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		263,605	-	-		
Cumulative profit rate sensitivity gap		263,605	263,605	263,605		

(ii) Currency risk

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

(iii) Price risk

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

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

In case of 1% increase / decrease in KMI 30 index on June 30, 2020, with all other variables held constant, total income of the fund would increase / decrease by Rs 37.823 million (2019: Rs 46.146 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 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:

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000						
Financial assets							
Balances with banks	259,646	-	-	-	-	-	259,646
Investments	-	-	-	-	-	3,782,362	3,782,362
Receivable against sale of investments	16,861	-	-	-	-	-	16,861
Receivable against conversion of units	21,337	-	-	-	-	-	21,337
Dividend receivable	9,316	-	-	-	-	-	9,316
Advances, deposits and other receivables	287	-	-	-	-	2,738	3,025
	307,447	**-**	**-**	**-**	**-**	**3,785,100**	**4,092,547**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	5,351	-	-	-	-	-	5,351
Payable to Central Depository Company of Pakistan Limited - Trustee	455	-	-	-	-	-	455
Payable to Meezan Bank Limited	20						20
Payable against conversion and redemption of units	23,718	-	-	-	-	-	23,718
Payable against purchase of investments	9,988	-	-	-	-	-	9,988
Dividend payable	19,572						19,572
Accrued expenses and other liabilities	7,082	7,681	-	-	-	-	14,763
	66,186	**7,681**	**-**	**-**	**-**	**-**	**73,867**
Net assets / (liabilities)	**241,261**	**(7,681)**	**-**	**-**	**-**	**3,785,100**	**4,018,680**

	2019						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000						
Financial assets							
Balances with banks	271,162	-	-	-	-	-	271,162
Investments	-	-	-	-	-	4,614,607	4,614,607
Receivable against sale of investments	20,993	-	-	-	-	-	20,993
Receivable against conversion of units	13,534	-	-	-	-	-	13,534
Dividend receivable	25,200	-	-	-	-	-	25,200
Advances, deposits and other receivables	5,678	-	-	-	-	2,738	8,416
	336,567	**-**	**-**	**-**	**-**	**4,617,345**	**4,953,912**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	14,897	-	-	-	-	-	14,897
Payable to Central Depository Company of Pakistan Limited - Trustee	552	-	-	-	-	-	552
Payable to Meezan Bank Limited	23	-	-	-	-	-	23
Payable against conversion and redemption of units	45,466	-	-	-	-	-	45,466
Payable against purchase of investments	3,468	-	-	-	-	-	3,468
Dividend payable	4,917	-	-	-	-	-	4,917
Accrued expenses and other liabilities	4,775	6,579	-	-	-	-	11,354
	74,098	**6,579**	**-**	**-**	**-**	**-**	**80,677**
Net assets / (liabilities)	**262,469**	**(6,579)**	**-**	**-**	**-**	**4,617,345**	**4,873,235**

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:

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	'(Rupees in '000)			
Bank balances	259,646	259,646	271,162	271,162
Investment	3,782,362	-	4,614,607	-
Receivable against issue of units	21,337	21,337	13,534	13,534
Dividend receivable	9,316	9,316	25,200	25,200
Receivable against sale of investments	16,861	16,861	20,993	20,993
Advances, deposits, and other receivables	3,025	3,025	8,444	8,444
	4,092,547	**310,185**	**4,953,940**	**339,333**

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs 3,782.362 million (2019: Rs 4,614.607 million) is not exposed to credit risk.

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

20.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	3.79%	0.03%
AA+	34.41%	41.01%
AA	-	0.10%
A+	61.79%	58.73%
A	0.01%	0.13%
	100%	**100%**

20.3.3 Concentration of credit risk

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

21 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

Financial assets	2020		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
At fair value through profit or loss	3,782,362		-
	3,782,362	**-**	**-**

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

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	2020			2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	4,029	1,281,030	32.74	4,329	1,410,777	29.59
Associated Companies / Directors	11	1,511,311	38.62	8	1,876,037	39.35
Insurance Companies	1	121,769	3.11	1	118,104	2.48
Banks and DFIs	1	7,643	0.20	3	380,456	7.98
Retirement Funds	23	925,457	23.65	24	894,304	18.76
Public Limited Companies	-	-	-	1	148	-
Others	32	66,127	1.68	36	87,980	1.84
	4,097	**3,913,337**	**100%**	**4,402**	**4,767,806**	**100%**

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Invest and Finance Securities Limited	8%	Optimus Capital Management (Private) Limited	8%
AKD Securities Limited	8%	Taurus Securities Limited	8%
Taurus Securities Limited	8%	Foundation Securities (Private) Limited	7%
Foundation Securities (Private) Limited	7%	Invest and Finance Securities Limited	6%
Standard Capital Securities (Private) Limited	6%	AKD Securities Limited	6%
Top Line Securities (Private) Limited	6%	BMA Capital Management Limited	6%
JS Global Capital Limited	6%	Alfalah Securities (Private) Limited	6%
Arif Habib Securities Limited	5%	Arif Habib Securities Limited	5%
Optimus Capital Management (Private) Limited	5%	Summit Capital Market	5%
BMA Capital Management Limited	4%	Intermarket Securities Limited	5%

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Four years
Mr. Taha Javed	Head of Equity	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP/Head of Research	CFA / MBA (in progress)	Nine years

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

- Meezan Energy Fund; and
- Meezan Tahaffuz Pension Fund

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				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	April 15, 2020	Jun 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

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 13, 2020**.

29 GENERAL

29.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

29.2 Operational Risk Management

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

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

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

KSE-Meezan
Index Fund

KSE-Meezan Index Fund (KMIF)

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

FOUNDER OF THE
MEEZAN ISLAMIC INDEX

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 RESOURSE & REMUNERATION COMMITTEE

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

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

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

SHARIAH ADVISER
Meezan Bank Limited

BANKERS TO THE FUND
Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking

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

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

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

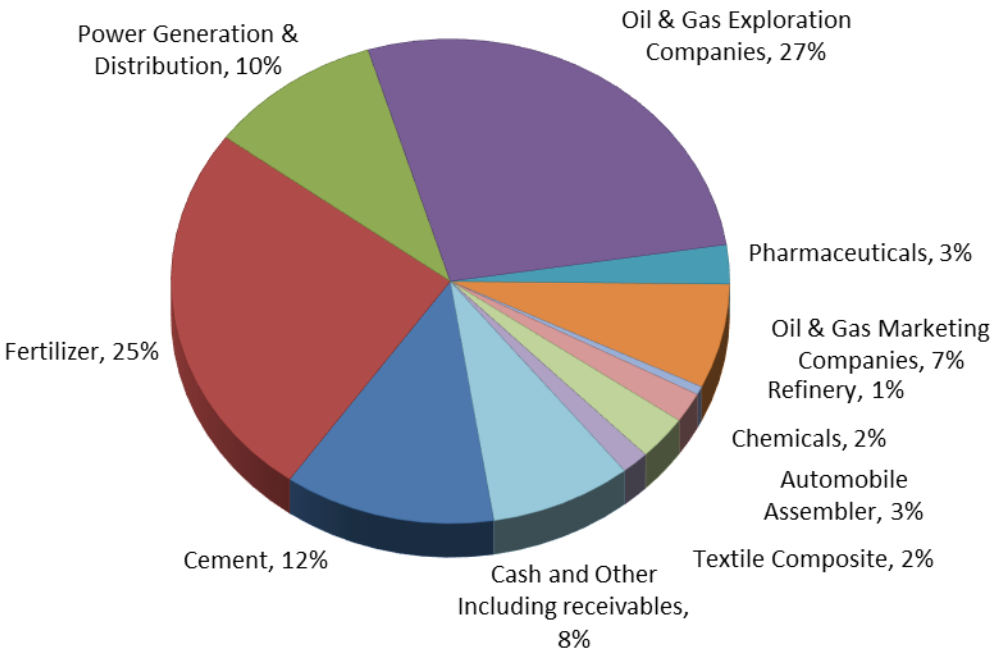
REPORT OF THE FUND MANAGER
KSE Meezan Index Fund (KMIF)

Type of Fund
Open end index tracker fund

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

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

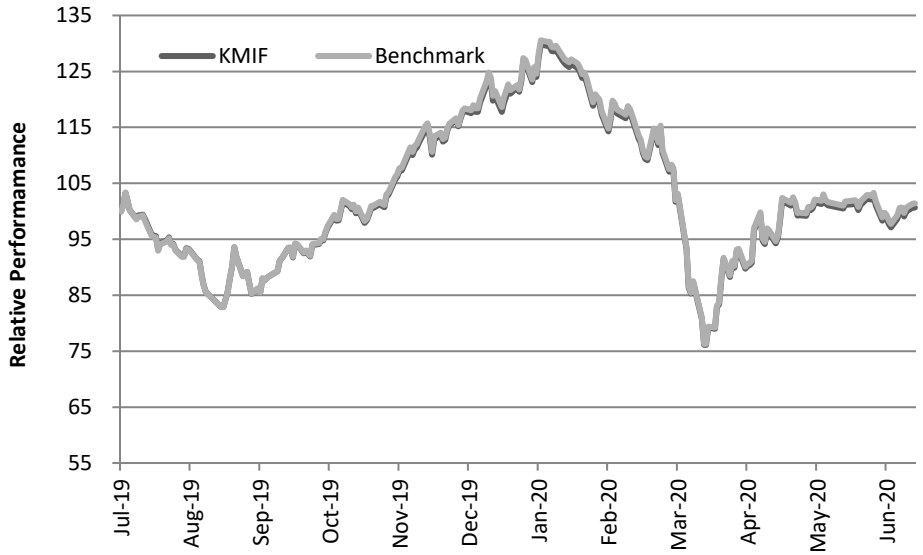
Sector Allocation as on 30th June 2020



Performance Review
During FY20, KSE Meezan Index Fund (KMIF) provided a positive return of 0.88% to its investors while KSE Meezan Index (KMI 30) appreciated 1.62% to close at 54,995 pts. On a gross basis, the fund's return was 2.83%.

	KMIF	KMI-30
Net Asset Value (NAV) as on June 30, 2019	52.95	54,119
Net Asset Value (NAV) as on June 30, 2020	53.41	54,995
Return During the Period	0.88%	1.62%

KMIF posted a total Income of Rs. 58 million in the fiscal year 2020 as compared to a total loss of Rs. 450 million last year. Total Income comprised of realized gain and unrealized capital losses on investments of Rs. 63 million and Rs. 99 million respectively. Dividend income contributed Rs. 90 million to income, while profit on saving accounts with banks amounted to Rs. 0.96 million. After accounting for expenses of Rs. 33 million, the Fund posted a net Income of Rs. 25 million. The net assets of the Fund as at June 30, 2020 were Rs. 1,857 million as compared to Rs. 1,517 million at the end of last year depicting a Increase of 22%. . The net asset value per unit as at June 30, 2020 was Rs. 53.41 as compared to Rs. 52.95 per unit as on June 30, 2019.



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, 2020 an amount of Rs. 3 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2020.

Breakdown of unit holdings by size:

(As on June 30, 2020)

Range (Units)	No. of investors
1 - 9,999	974
10,000 - 49,999	89
50,000 - 99,999	15
100,000 - 499,999	10
500,000 and above	9
Total	**1,097**

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	5	5	0	0
Percentage		100%	0%	0%

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.

PERFORMANCE TABLE	2020	2019	2018	2017	2016
Net assets (Rs in '000) (ex-distribution)	1,857,173	1,857,173	1,687,480	1,908,874	881,629
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	53.41290	52.94700	70.65810	79.56000	78.91000
Offer price per unit as at June 30 (Rs.) (ex-distribution)	54.75360	54.27600	72.43160	81.36000	81.00000
Highest offer price per unit (Rs.)	70.61800	73.32952	66.40000	109.77000	85.05000
Lowest offer price per unit (Rs.)	41.38180	50.88235	83.95000	80.60000	65.44000
Highest redemption price per unit (Rs.)	68.88890	75.17010	82.09080	107.34000	82.86000
Lowest redemption price per unit (Rs.)	40.36860	52.15940	64.76700	78.82000	63.75000
Distribution (%)	N/A	N/A	N/A	24.00000	4.70000
Date of distribution	N/A	N/A	N/A	42,909	42,545
Growth distribution (Rupees in '000)	N/A	N/A	N/A	270,893	24,604
Total return (%)	0.88	- 25.00	- 11.20	15.90	13.30
	One Year	Two Year	Three Year	Four Year	Five Year
Average annual return (%) as at June 30, 2020	0.88	- 13.02	- 12.42	- 6.06	- 2.47

Meezan Bank
The Premier Islamic Bank

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

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 2019 to June 30, 2020 was the Eighth year of operations of KSE Meezan Index Fund (KMIF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *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 KMIF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of KMIF as on June 30, 2020 and their evaluation according to the screening criteria established by us. (December 31, 2019 accounts of the Investee companies have been used for the following calculations*):

	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
Company Name	**Nature of Business**	**Debt to Assets (<37%)**	**Non-Compliant Investments (<33%)**	**Non-Compliant Income to Gross Revenue (<5%)**	**Illiquid Assets to Total Assets (>25%)**	**Net Liquid Assets vs. Share Price (B>A)**	
						Net Liquid Assets per Share (A)	**Share Price (B)**
Engro Corporation Ltd.	Fertilizer	28.34%	22.25%	4.72%	58.58%	(220.56)	
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	7.95%	7.74%****	33.64%	90.21	142.32

The Hub Power Co. Ltd.***	Power Generation and Distribution	32.32%	0.00%	7.32%	53.77%	(43.08)	
Lucky Cement Ltd.	Cement	25.55%	0.71%	2.59%	85.13%	(279.47)	
Pakistan Petroleum Co. Ltd.	Oil & Gas Exploration Companies	0.01%	8.64%	1.59%	31.91%	58.79	137
Dawood Hercules Corporation Ltd.	Investment Company	18.33%	25.06%	5.78%	56.42%	(240.14)	
Pakistan Oilfields Ltd.	Oil & Gas Exploration Companies	0.00%	1.35%	4.09%	44.36%	7.96	446.72
Engro Fertilizer Ltd.	Fertilizer	26.23%	4.34%	1.34%	69.88%	(34.07)	

* 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.
**** OGDC is facing circular debt issues. Company is bound to retain interest bearing TFC/Bonds having no permission to sell from government. Due to high interest rate during July-Dec 2019, non-compliant income is high and exceeds 5%. Company had provided written confirmation that its non-compliant income ratio will be less than 5% due to lower interest rates during July-Dec 2020.

ii. On the basis of information provided by the management, all operations of KMIF for the year ended June 30, 2020 have been in compliance with the *Shari'ah* principles.

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

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

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

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

KSE MEEZAN INDEX FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of KSE Meezan Index Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of KSE Meezan Index Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KSE Meezan Index Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer note 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 1,857.289 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: ▪ Tested the design and operating effectiveness of the key controls for valuation of investments; ▪ Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2020 and traced it with the books and records of the Fund; and ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Chartered Accountants

Karachi

Date: September 22, 2020

KSE MEEZAN INDEX FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
		-------Rupees in '000'-------	
Assets			
Balances with banks	5	46,350	8,935
Investments	6	1,857,289	1,522,876
Receivable against conversion of units		1,130	40,106
Dividend receivable		8,277	9,994
Deposits and other receivables	7	2,632	2,756
Total assets		1,915,678	1,584,667
Liabilities			
Payable to Al Meezan Investment Management Limited -			
- Management Company	8	2,088	1,507
Payable to Central Depository Company of Pakistan Limited - Trustee	9	259	229
Payable to Securities and Exchange Commission of Pakistan	10	342	1,564
Payable to Meezan Bank Limited		93	14
Payable against conversion and redemption of units		497	274
Payable against purchase of investments		33,760	44,670
Accrued expenses and other liabilities	11	21,466	19,271
Total liabilities		58,505	67,529
NET ASSETS		1,857,173	1,517,138
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,857,173	1,517,138
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		34,770,100	28,653,899
		(Rupees)	
NET ASSET VALUE PER UNIT		53.4129	52.9470

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

For Al-Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

KSE MEEZAN INDEX FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		-------Rupees in '000'-------	
Income			
Dividend income		89,930	83,572
Profit on saving accounts with banks		964	555
Net realised gain / (loss) on sale of investments		63,384	(89,688)
Other income		2,686	2,084
		156,964	(3,477)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(98,500)	(446,872)
Total income / (loss)		58,464	(450,349)
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	17,105	16,463
Sindh Sales Tax on remuneration of the Management Company	8.2	2,224	2,140
Allocated expenses	8.3	1,711	1,646
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,711	2,645
Sindh Sales Tax on remuneration of the Trustee	9.2	352	344
Annual fees to Securities and Exchange Commission of Pakistan	10	342	1,564
Brokerage expense		3,741	1,642
Auditors' remuneration	13	370	385
Fee and subscription		572	561
Printing expense		9	40
Charity expense	11.2	2,972	1,726
Bank and settlement charges		733	632
Provision for Sindh Workers' Welfare Fund (SWWF)		512	-
Total expenses		33,354	29,788
Net income / (loss) for the year before taxation		25,110	(480,137)
Taxation	15	-	-
Net income / (loss) for the year after taxation		25,110	(480,137)
Allocation of net income for the year			
Net income for the year after taxation		25,110	-
Income already paid on units redeemed		(6)	-
		25,104	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		25,104	-
		25,104	-

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

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

KSE MEEZAN INDEX FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	-------Rupees in '000'-------	
Net income / (loss) for the year after taxation	25,110	(480,137)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	25,110	(480,137)

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

For Al-Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

KSE MEEZAN INDEX FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	Capital Value	Accumulated losses	Total	Capital Value	Undistributed income / (accumulated losses)	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	1,779,406	(262,268)	1,517,138	1,469,611	217,869	1,687,480
Issuance of 20,373,779 units (2019: 15,900,473 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,078,730	-	1,078,730	1,123,497	-	1,123,497
- Element of income / (loss)	47,413	-	47,413	(113,994)	-	(113,994)
Total proceeds on issuance of units	1,126,143	-	1,126,143	1,009,503	-	1,009,503
Redemption of 14,257,578 units (2019: 11,128,898 units)						
- Capital value (at net asset value per unit at the beginning of the year)	754,896	-	754,896	786,347	-	786,347
- Element of loss / (income)	56,316	6	56,322	(86,639)	-	(86,639)
Total payments on redemption of units	811,212	6	811,218	699,708	-	699,708
Total comprehensive income / (loss) for the year	-	25,110	25,110	-	(480,137)	(480,137)
Distribution during the year	-	-	-	-	-	-
Net income / (loss) for the year less distribution	-	25,110	25,110	-	(480,137)	(480,137)
Net assets at the end of the year	2,094,337	(237,164)	1,857,173	1,779,406	(262,268)	1,517,138

(Accumulated losses) / undistributed income brought forward				
- Realised income	184,604		401,372	
- Unrealised loss	(446,872)		(183,503)	
	(262,268)		217,869	
Accounting income available for distribution				
- Relating to capital gains	-		-	
- Excluding capital gains	25,104		-	
	25,104		-	
Net income / (loss) for the year after taxation	-		(480,137)	
Distribution during the year	-		-	
Accumulated losses carried forward	(237,164)		(262,268)	
Accumulated losses carried forward				
- Realised (loss) / income	(138,664)		184,604	
- Unrealised loss	(98,500)		(446,872)	
	(237,164)		(262,268)	
		(Rupees)		(Rupees)
Net assets value per unit at the beginning of the year		52.9470		70.6581
Net assets value per unit at the end of the year		53.4129		52.9470

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

KSE MEEZAN INDEX FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year after taxation		25,110	(480,137)
Adjustments for:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		98,500	446,872
		123,610	(33,265)
(Increase) / decrease in assets			
Investments - net		(432,913)	(282,819)
Dividend receivable		1,717	(9,932)
Deposits and other receivables		124	25
		(431,072)	(292,726)
(Decrease) / Increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		581	(296)
Payable to Central Depository Company of Pakistan Limited - Trustee		30	(24)
Payable to Securities and Exchange Commission of Pakistan		(1,222)	(83)
Payable to Meezan Bank Limited		79	(29)
Payable against purchase of investments		(10,910)	44,404
Accrued expenses and other liabilities		2,195	1,265
		(9,247)	45,237
Net cash used in operating activities		(316,709)	(280,754)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		1,165,119	970,051
Payment against redemption and conversion of units		(810,995)	(699,503)
Net cash generated from financing activities		354,124	270,548
Net increase / (decrease) in cash and cash equivalents during the year		37,415	(10,206)
Cash and cash equivalents at the beginning of the year		8,935	19,141
Cash and cash equivalents at the end of the year	5	46,350	8,935

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

For Al-Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

KSE MEEZAN INDEX FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 KSE Meezan Index Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on March 13, 2012 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations, 2008). The Management Company has been licensed by Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, (the NBFC Rules) through a certificate of registration issued by SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.

1.2 The Fund is a Shariah Compliant Index Fund that aims to provide investors an opportunity to track closely the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.3 The Fund is an open-end fund listed on Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and be redeemed by surrendering them to the Fund. The Fund is categorized as a Shariah Compliant Index Fund.

1.4 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

1.5 The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 28, 2018) and by PACRA dated June 26, 2020 (2019: dated June 28, 2019). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and

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

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

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

There are certain amendments to the standards 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 do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

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)
- 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, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

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

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

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Equity instruments

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

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

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

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

4.3.2.1 Impairment loss on debt securities

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

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

4.3.3 Regular way contracts

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

4.3.4 Initial recognition and measurement

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

4.3.5 Derecognition

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

4.3.6 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

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

4.12 Expenses

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

4.13 Taxation

Current

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

Deferred

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

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

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

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

4.14 Earnings / (loss) per unit

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

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

4.15 Foreign currency translation

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

5 BALANCES WITH BANKS	Note	2020	2019
		(Rupees in '000)	
Balances with banks in:			
Savings accounts	5.1	43,559	7,559
Current accounts		2,791	1,376
		46,350	8,935

5.1 The balances in saving accounts have expected profit rates ranging from 1.50% to 3.00% per annum (2019: 3.32% to 12.30% per annum).

6 INVESTMENTS	Note	2020	2019
		(Rupees in '000)	
At fair value through profit or loss			
Quoted equity securities	6.1	1,857,289	1,522,876

6.1 Investments in equity securities - listed

Name of the investee company	As at July 1, 2019	Purchases during the year	Rights / Bonus issue	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain / (loss) as at June 30, 2020	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of invest-ments
	Number of shares					(Rupees in '000)			%		
Sectors / companies											
Automobile Assembler											
Honda Atlas Cars (Pakistan) Limited	-	95,700	-	24,500	71,200	11,502	13,790	2,288	0.74	0.05	0.74
Millat Tractors Limited	-	71,600	6,662	27,850	50,412	36,442	35,599	(843)	1.92	0.11	1.92
Pak Suzuki Motor Company Limited	-	61,600	-	17,800	43,800	9,640	7,088	(2,552)	0.38	0.05	0.38
									3.04	**0.22**	**3.04**
Automobile Parts & Accessories											
Thal Limited (note 6.1.1)	-	82,300	-	82,300	-	-	-	-	-	-	-
									-	**-**	**-**
Bank											
Meezan Bank Limited (an associate of the Fund)	-	956,600	-	216,899	739,701	59,818	50,928	(8,890)	2.74	0.06	2.74
									2.74	**0.06**	**2.74**
Cable And Electrical Goods											
Pak Elektron Limited	565,303	246,000	-	230,500	580,803	12,233	13,318	1,085	0.72	0.12	0.72
									0.72	**0.12**	**0.72**
Cement											
D.G. Khan Cement Company Limited	498,500	205,500	-	185,500	518,500	31,685	44,244	12,559	2.38	0.12	2.38
Fauji Cement Company Limited	1,735,375	797,500	-	739,000	1,793,875	28,087	30,281	2,194	1.63	0.13	1.63
Lucky Cement Limited	292,680	131,665	-	102,165	322,180	127,987	148,712	20,725	8.01	0.10	8.01
Maple Leaf Cement Factory Limited *	604,155	912,681	-	1,063,500	453,336	9,540	11,778	2,238	0.63	0.07	0.63
									12.65	**0.42**	**12.65**
Chemical											
Engro Polymer & Chemicals Limited	1,027,271	280,000	-	501,000	806,271	22,039	20,141	(1,898)	1.08	0.09	1.08
Lotte Chemical Pakistan Limited	857,500	373,000	-	297,500	933,000	13,321	9,283	(4,038)	0.50	0.06	0.50
									1.58	**0.15**	**1.58**
Engineering											
International Industries Limited	122,500	-	-	122,500	-	-	-	-	-	-	-
International Steels Limited	393,400	177,000	-	203,499	366,901	16,201	18,950	2,749	1.02	0.08	1.02
									1.02	**0.08**	**1.02**
Fertilizer											
Engro Corporation Limited	716,900	363,395	-	197,973	882,322	246,963	258,452	11,489	13.92	0.15	13.92
Engro Fertilizers Limited	1,357,136	858,102	-	441,420	1,773,818	114,202	106,926	(7,276)	5.76	0.13	5.76
									19.67	**0.29**	**19.67**
Food And Personal Care											
Frieslandcampina Engro Pakistan Limited	174,500	255,500	-	210,500	219,500	16,608	16,135	(473)	0.87	0.03	0.87
									0.87	**0.03**	**0.87**
Investment Banks / Investment Companies / Securities Companies											
Dawood Hercules Corporation Limited	-	1,164,500	-	223,100	941,400	117,397	120,424	3,027	6.48	0.20	6.48
									6.48	**0.20**	**6.48**
Oil And Gas Exploration Companies											
Mari Petroleum Company Limited	55,030	26,740	5,835	21,700	65,905	64,660	81,501	16,841	4.39	0.05	4.39
Oil & Gas Development Company Limited	1,459,618	643,662	-	431,499	1,671,781	209,163	182,224	(26,939)	9.81	0.04	9.81
Pakistan Oilfields Limited	294,130	139,663	-	96,707	337,086	130,220	118,192	(12,028)	6.36	0.12	6.36
Pakistan Petroleum Limited (note: 6.1.2)	1,254,279	637,246	249,235	506,969	1,633,791	187,673	141,780	(45,893)	7.63	0.07	7.63
									28.20	**0.28**	**28.20**
Oil And Gas Marketing Companies											
Attock Petroleum Limited	-	63,900	-	63,900	-	-	-	-	-	-	-
Hascol Petroleum Limited *	159,330	629,609	-	788,468	471	5	6	1	0.00	0.00	0.00
Pakistan State Oil Company Limited	398,700	691,316	-	547,259	542,757	98,649	85,842	(12,807)	4.62	0.14	4.62
Shell Pakistan Limited	48,900	-	-	48,900	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	645,833	286,500	-	228,000	704,333	46,775	38,457	(8,318)	2.07	0.11	2.07
Sui Southern Gas Company Limited	695,231	356,000	-	310,000	741,231	14,135	9,888	(4,247)	0.53	0.08	0.53
									7.23	**0.33**	**7.23**

Name of the investee company	As at July 1, 2019	Purchases during the year	Rights / Bonus issue	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain / (loss) as at June 30, 2020	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of invest-ments
	Number of shares					(Rupees in '000)			%		
Paper & Board											
Packages Limited	60,812	7,600	-	68,412	-	-	-	-	-	-	-
									-	-	-
Pharmaceuticals											
AGP Limited	-	248,000	-	248,000	-	-	-	-	-	-	-
The Searle Company Limited	191,759	129,000	-	70,800	249,959	39,151	49,799	10,648	2.68	0.12	2.68
									2.68	**0.12**	**2.68**
Power Generation & Distribution											
K-Electric Limited (note 6.1.1)	6,251,040	2,529,500	-	2,695,500	6,085,040	25,293	18,316	(6,977)	0.99	0.02	0.99
The Hub Power Company Limited	1,703,897	2,734,320	-	2,017,167	2,421,050	210,111	175,526	(34,585)	9.45	0.21	9.45
									10.44	**0.23**	**10.44**
Refinery											
Attock Refinery Limited	98,091	58,200	-	37,299	118,992	10,164	10,628	464	0.57	0.11	0.57
Byco Petroleum Pakistan Limited	1,211,000	-	-	1,211,000	-	-	-	-	-	-	-
National Refinery Limited	59,048	-	-	59,048	-	-	-	-	-	-	-
									0.57	**0.11**	**0.57**
Technology & Communication											
Netsol Technologies Limited	-	113,500	-	31,600	81,900	4,733	4,071	(662)	0.22	0.09	0.22
									0.22	**0.09**	**0.22**
Textile Composite											
Nishat Mills Limited	358,300	141,500	-	105,900	393,900	35,658	30,728	(4,930)	1.65	0.11	1.65
									1.65	**0.11**	**1.65**
Transport											
Pakistan International Bulk Terminal Limited	2,228,000	240,000	-	2,468,000	-	-	-	-	-	-	-
									-	-	-
Vanaspati & Allied Industries											
Unity Foods Limited	-	453,000	-	69,000	384,000	5,734	4,282	(1,452)	0.23	0.07	0.23
									0.23	**0.07**	**0.23**
Right Certificates											
Cement											
Maple Leaf Cement Factory Limited *	-	-	546,681	546,681	-	-	-	-	-	-	-
Oil And Gas Marketing Companies											
Hascol Petroleum Limited *	-	-	607,320	607,320	-	-	-	-	-	-	-
Total as at June 30, 2020						**1,955,789**	**1,857,289**	**(98,500)**			
Total as at June 30, 2019						**1,969,748**	**1,522,876**	**(446,872)**			

* The right certificates were exercised during the year and the shares are included in the investment in Maple Leaf Cement Factory Limited and Hascol Petroleum Li

6.1.1 All shares have a face value of Rs 10 each except for the shares of K-Electric Limited and Thal Limited which have a face value of Rs 3.5 and 5 each respectively.

6.1.2 Investments include 682,000 shares (2019: 682,000 shares) of Pakistan Petroleum Limited having market value of Rs 59.184 million as at June 30, 2020 (2019: Rs 98.501 million), which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

6.1.3 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 year ended June 30, 2019. During the current year, 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 Court 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, 2020, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.160 million (2019: Rs. 0.883 million).

		Note	2020	2019
			(Rupees in '000)	
6.2	**Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'**			
	Market value of investments	6.1	1,857,289	1,522,876
	Less: Carrying value of investments	6.1	1,955,789	1,969,748
			(98,500)	(446,872)
7	**DEPOSITS AND OTHER RECEIVABLES**			
	Profit receivable on saving account		29	153
	Security deposit with Central Depository Company of Pakistan Limited		103	103
	Security deposit with the National Clearing Company of Pakistan Limited		2,500	2,500
			2,632	2,756
8	**PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY**			
	Management fee payable	8.1	1,511	1,224
	Sindh Sales Tax on management fee payable	8.2	196	159
	Allocated expenses payable	8.3	151	122
	Sales load payable		204	1
	Sindh Sales Tax payable on sales load		26	1
			2,088	1,507

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2019: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs. 2.224 million (2019: Rs 2.140 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 2.187 million (2019: Rs. 2.166 million) has been paid to the Management Company which acts as a collecting agent.

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

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2020	2019
		(Rupees in '000)	
Trustee fee payable	9.1	210	183
Sindh Sales Tax payable on trustee fee	9.2	49	46
		259	229

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

Net Assets (Rs.)	Fee
up to Rs 1,000 million	Rs 0.7 million or 0.2% per annum of net assets, whichever is higher.
from Rs 1,000 million and above	Rs 2.0 million plus 0.10% per annum of net assets exceeding Rs 1,000 million.

9.2 During the year, an amount of Rs 0.352 million (2019: Rs. 0.344 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. 0.320 million (2019: Rs. 0.347 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity fund was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020	2019
		(Rupees in '000)	
Auditors' remuneration payable		224	225
Printing charges payable		124	115
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.1	5,741	5,741
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load		497	497
Brokerage payable		1,437	1,071
Shariah advisor fee payable		269	264
Charity payable	11.2	3,115	1,843
Withholding tax payable		266	245
Provision for Sindh Workers' Welfare Fund	11.3	9,782	9,270
Zakat payable		11	-
		21,466	19,271

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 6.238 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.18 (2019: Re 0.22) per unit.

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

During the year ended June 30, 2020, non-shariah compliant income amounting to Rs 2.972 million (2019: Rs. 1.726 million) was charged as an expense in the books of the Fund, and Rs. 1.700 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Marie Adelaide Leprosy Centre	200
2	Idara AL Khair	500
3	Shaukat Khanum Memorial Cancer Hospital	1,000
	Total	1,700

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.28 per unit (2019: Re 0.32 per unit).

12 CONTINGENCIES AND COMMITMENTS

12.1 There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

13 AUDITORS' REMUNERATION

	2020	2019
	(Rupees in '000)	
Annual audit fee	224	228
Half yearly review of condensed interim financial statements	100	101
Fee for other certifications	40	40
Out of pocket expenses	6	16
	370	385

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 1.95% (2019: 1.81%) which includes 0.23% (2019: 0.26%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Index Scheme.

15 TAXATION

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

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

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

16.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan 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.

16.2 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.

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

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

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

Balances	2020	2019
	(Rupees in '000)	
Al Meezan Investment Management Limited (Management Company)		
Management fee payable	1,511	1,224
Sindh Sales Tax on management fee payable	196	159
Allocated expenses payable	151	122
Sales load payable	204	1
Sindh Sales Tax payable on sales load	26	1
Outstanding 12,467,051 units (2019: 7,651,969 units) - at net asset value	665,901	405,149
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Trustee fee payable	210	183
Sindh Sales Tax payable on trustee fee	49	46
Security Deposit	103	103
Meezan Bank Limited		
Bank balance	8,068	3,425
Profit receivable on saving accounts	16	62
Sales load payable	82	14
Sindh Sales Tax on sales load payable	11	2
Shariah advisor fee payable	269	264
Outstanding 2,113,224 units (2019: 2,113,224 units) - at net asset value	112,873	111,889
Investment in 739,301 shares (2019: nil shares)	50,928	-
Directors and their close family members and key management		
Outstanding 626,396 units (2019: 18,925 units) - at net asset value	33,458	1,002
Unitholders holding 10% or more units of the Fund		
Investment as at June 30, 2020: 9,725,888 units (2019: 9,725,888 units)	519,488	514,957

	2020	2019
	(Rupees in '000)	
Al Meezan Investment Management Limited (GF)		
Investment as at June 30, 2020: 133,559 units (2019: 133,559 units)	7,134	7,072
Meezan Strategic Allocation Fund MSAP-I		
Investment as at June 30, 2020: 4,311 units (2019: 201,580 units)	230	10,673
Meezan Strategic Allocation Fund MSAP-II		
Investment as at June 30, 2020: 137,526 units (2019: 137,526 units)	7,346	7,282
Meezan Strategic Allocation Fund MSAP-III		
Investment as at June 30, 2020: 374,075 units (2019: 167,669 units)	19,980	8,878
Meezan Strategic Allocation Fund MSAP-IV		
Investment as at June 30, 2020: 396,682 units (2019: 190,276 units)	21,188	10,075
Meezan Strategic Allocation Fund MSAP-V		
Investment as at June 30, 2020: 56,518 units (2019: 56,518 units)	3,019	2,992

Transactions during the year	For the year ended June 30, 2020	2019
	(Rupees in '000)	
Al Meezan Investment Management Limited (Management Company)		
Remuneration of Management Company	17,105	16,463
Sindh Sales Tax on remuneration of the Management Company	2,224	2,140
Allocated expenses	1,711	1,646
Issue of 7,015,589 units (2019: 4,655,875 units)	360,600	291,388
Redemption of 2,200,507 units (2019: 1,245,780 units)	125,500	76,200
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Remuneration of the Trustee	2,711	2,645
Sindh Sales Tax on remuneration of the Trustee	352	344
CDS charges	117	84
Meezan Bank Limited		
Profit on saving accounts with banks	489	214
Dividend income	2,776	-
Shariah advisor fee	544	533
Purchase of 956,600 shares (2019: nil shares)	77,697	-
Sale of 216,899 shares (2019: nil shares)	19,100	-
Directors and their close family members and key management personnel of the Management Company		
Issue of 608,497 units (2019: 749,321 units)	40,915	50,056
Redemption of 1,026 units (2019: 750,286 units)	55	38,776
Meezan Strategic Allocation Fund MSAP-I		
Issue of nil units (2019: 201,580 units)	-	10,700
Redemption of 197,269 units (2019: nil units)	10,000	-
Meezan Strategic Allocation Fund MSAP-II		
Issue of nil units (2019: 137,526 units)	-	7,300
Meezan Strategic Allocation Fund MSAP-III		
Issue of 206,406 units (2019: 167,669 units)	10,000	8,900
Meezan Strategic Allocation Fund MSAP-IV		
Issue of 206,406 units (2019: 190,276 units)	10,000	10,100
Meezan Strategic Allocation Fund MSAP-V		
Issue of nil units (2019: 56,518 units)	-	3,000

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000'		
Financial assets			
Balances with banks	46,350	-	46,350
Investments	-	1,857,289	1,857,289
Receivable against conversion of units	1,130	-	1,130
Dividend receivable	8,277	-	8,277
Deposits and other receivables	2,632	-	2,632
	58,389	1,857,289	1,915,678

	2020		
	At fair value through profit or loss	At amortised cost	Total
	Rupees in '000'		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	2,088	2,088
Payable to Central Depository Company Limited - Trustee	-	259	259
Payable to Meezan Bank Limited	-	93	93
Payable against conversion and redemption of units	-	497	497
Payable against purchase of investments	-	33,760	33,760
Accrued expenses and other liabilities	-	5,169	5,169
	-	41,866	41,866

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

	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	-	1,507	1,507
Payable to Central Depository Company Limited - Trustee	-	229	229
Payable to Meezan Bank Limited	-	14	14
Payable against conversion and redemption of units	-	274	274
Payable against purchase of investments	-	44,670	44,670
Accrued expenses and other liabilities	-	3,518	3,518
	-	50,212	50,212

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

18.1 Market risk

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

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

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

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs.0.0370 million (2019: Rs. 0.006 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 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, 2020 can be determined as follows:

	2020					
		Exposed to yield / profit rate risk				
	Effective profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Total
		Rupees in '000'				
Financial assets						
Balances with banks	1.50% - 3.00%	43,559	-	-	2,791	46,350
Investments		-	-	-	1,857,289	1,857,289
Receivable against conversion of units		-	-	-	1,130	1,130
Dividend receivable		-	-	-	8,277	8,277
Deposits and other receivables		-	-	-	2,632	2,632
		43,559	**-**	**-**	**1,872,119**	**1,915,678**
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	2,088	2,088
Payable to Central Depository Company Limited - Trustee		-	-	-	259	259
Payable to Meezan Bank Limited		-	-	-	93	93
Payable against conversion and redemption of units		-	-	-	497	497
Payable against purchase of investments		-	-	-	33,760	33,760
Accrued expenses and other liabilities		-	-	-	5,169	5,169
		-	**-**	**-**	**41,866**	**41,866**
On-balance sheet gap (a)		**43,559**	**-**	**-**	**1,830,253**	**1,873,812**
Off-balance sheet financial instruments		**-**	**-**	**-**	**-**	**-**
Off-balance sheet gap (b)		**-**	**-**	**-**	**-**	**-**
Total profit rate sensitivity gap (a+b)		**43,559**	**-**	**-**		
Cumulative profit rate sensitivity gap		**43,559**	**43,559**	**43,559**		

		2019				
		Exposed to yield / profit rate risk				
	Effective profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Total
		Rupees in '000'				
Financial assets						
Balances with banks	3.32% to 12.30%	7,559	-	-	1,376	8,935
Investments		-	-	-	1,522,876	1,522,876
Receivable against conversion of units		-	-	-	40,106	40,106
Dividend receivable		-	-	-	9,994	9,994
Deposits and other receivables		-	-	-	2,756	2,756
		7,559	**-**	**-**	**1,577,108**	**1,584,667**
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	1,507	1,507
Payable to Central Depository Company Limited - Trustee		-	-	-	229	229
Payable to Meezan Bank Limited		-	-	-	14	14
Payable against conversion and redemption of units		-	-	-	274	274
Payable against purchase of investments		-	-	-	44,670	44,670
Accrued expenses and other liabilities		-	-	-	3,518	3,518
		-	**-**	**-**	**50,212**	**50,212**
On-balance sheet gap (a)		**7,559**	**-**	**-**	**1,526,896**	**1,534,455**
Off-balance sheet financial instruments		**-**	**-**	**-**	**-**	**-**
Off-balance sheet gap (b)		**-**	**-**	**-**	**-**	**-**
Total profit rate sensitivity gap (a+b)		**7,559**	**-**	**-**		
Cumulative profit rate sensitivity gap		**7,559**	**7,559**	**7,559**		

(ii) Currency risk

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

(iii) Price risk

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

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

In case of 1% increase / decrease in KMI 30 index on June 30, 2020, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 18.573 million (2019: Rs. 15.229 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI-30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 Index.

18.2 Liquidity risk

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

The Fund is exposed to daily 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:

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000'						
Financial assets							
Balances with banks	46,350	-	-	-	-	-	46,350
Investments	-	-	-	-	-	1,857,289	1,857,289
Receivable against conversion of units	1,130	-	-	-	-	-	1,130
Dividend receivable	8,277	-	-	-	-	-	8,277
Deposits and other receivables	29	-	-	-	-	2,603	2,632
	55,786	**-**	**-**	**-**	**-**	**1,859,892**	**1,915,678**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	2,088	-	-	-	-	-	2,088
Payable to Central Depository Company Limited - Trustee	259	-	-	-	-	-	259
Payable to Meezan Bank Limited	93						93
Payable against conversion and redemption of units	497	-	-	-	-	-	497
Payable against purchase of investments	33,760	-	-	-	-	-	33,760
Accrued expenses and other liabilities	5,169	-	-	-	-	-	5,169
	41,866	**-**	**-**	**-**	**-**	**-**	**41,866**
Net assets / (liabilities)	**13,920**	**-**	**-**	**-**	**-**	**1,859,892**	**1,873,812**

	2019						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000'						
Financial assets							
Balances with banks	8,935	-	-	-	-	-	8,935
Investments	-	-	-	-	-	1,522,876	1,522,876
Receivable against conversion of units	40,106	-	-	-	-	-	40,106
Dividend receivable	9,994	-	-	-	-	-	9,994
Deposits and other receivables	153	-	-	-	-	2,603	2,756
	59,188	**-**	**-**	**-**	**-**	**1,525,479**	**1,584,667**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	1,507	-	-	-	-	-	1,507
Payable to Central Depository Company Limited - Trustee	229	-	-	-	-	-	229
Payable to Meezan Bank Limited	14	-	-	-	-	-	14
Payable against conversion and redemption of units	274	-	-	-	-	-	274
Payable against purchase of investments	44,670	-	-	-	-	-	44,670
Accrued expenses and other liabilities	3,518	-	-	-	-	-	3,518
	50,212	**-**	**-**	**-**	**-**	**-**	**50,212**
Net assets / (liabilities)	**8,976**	**-**	**-**	**-**	**-**	**1,525,479**	**1,534,455**

18.3 Credit risk

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

	2020		2019	
	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	46,350	46,350	8,935	8,935
Investments	1,857,289	-	1,522,876	-
Receivable against conversion of units	1,130	1,130	40,106	40,106
Dividend receivable	8,277	8,277	9,994	9,994
Deposits and other receivables	2,632	2,632	2,756	2,756
	1,915,678	**58,389**	**1,584,667**	**61,791**

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets.

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

18.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	-	0.01
AA+	100.00	99.98
AA	-	0.01
	100.00	100.00

19 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	1,857,289	-	-
	1,857,289	-	-

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	1,522,876	-	-
	1,522,876	-	-

20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	1,077	304,803	16.41	1,014	262,510	17.30
Associated Companies / Directors	8	837,672	45.11	6	445,048	29.34
Retirement Funds	6	62,275	3.35	5	82,671	5.45
Others	6	652,423	35.13	10	726,909	47.91
	1,097	1,857,173	100.00	1,035	1,517,138	100.00

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

---------- 2020 ----------		---------- 2019 ----------	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Shajar Capital Pakistan (Private) Limited	9.47	Standard Capital Securities (Private) Limited	8.94
BMA Capital Management Limited	8.27	Foundation Securities (Private) Limited	8.28
AKD Securities Limited	7.78	Alfalah Securities (Private) Limited	8.17
Vector Capital (Private) Limited	7.65	Aba Ali Habib Securities (Private) Limited	7.58
Aba Ali Habib Securities (Private) Limited	6.82	Intermarket Securities (Private) Limited	7.20
Optimus Capital Management (Private) Limited	6.66	Fortune Securities (Private) Limited	5.07
Insight Securities (Private) Limited	5.80	Fawad Yousuf Securities (Private) Limited	5.03
Topline Securities (Private) Limited	5.79	Shajar Capital Pakistan (Private) Limited	4.74
Standard Capital Securities (Private) Limited	5.07	Topline Securities (Private) Limited	4.44
Fortune Securities (Private) Limited	5.04	Vector Capital (Private) Limited	4.31

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM /MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Nine years

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

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

24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Designation	Meeting held on				
		August 19, 2019	October 15, 2019	February 10, 2020	April 15, 2020	June 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidw ai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

25 CORRESPONDING FIGURES

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

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

27 GENERAL

27.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

27.2 Operational Risk Management

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

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

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

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

Meezan
Energy Fund

Meezan Energy Fund (MEF)

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

TELE TRANSACTION FACILITY

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Conversions processed.

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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	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
Al Baraka Islamic Bank B.S.C (E.C)
Bank Al Habib Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited

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

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

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER
Meezan Energy Fund (MEF)

Type of Fund

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

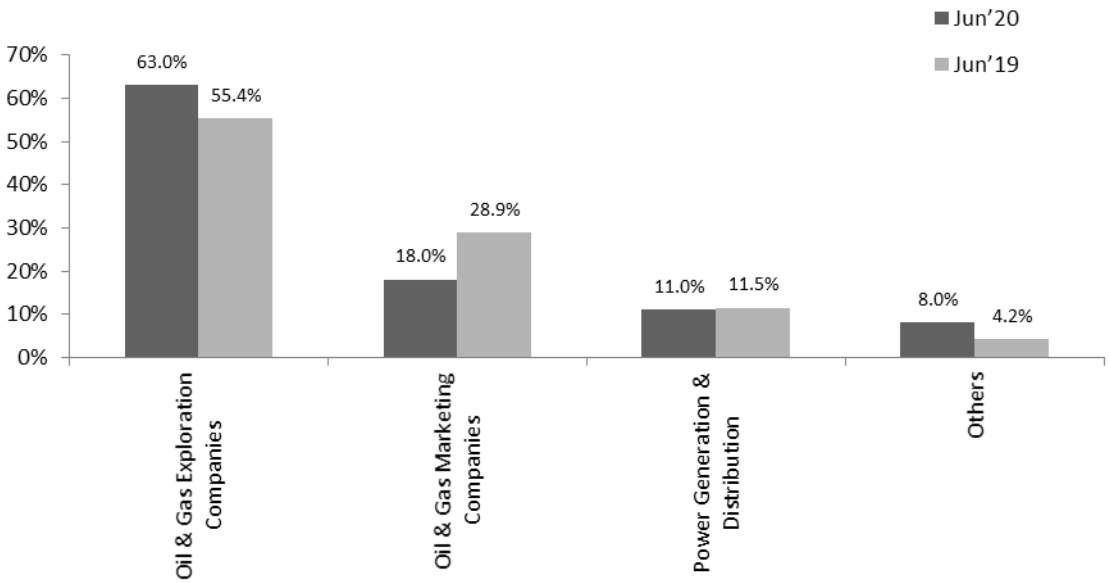
Objective

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

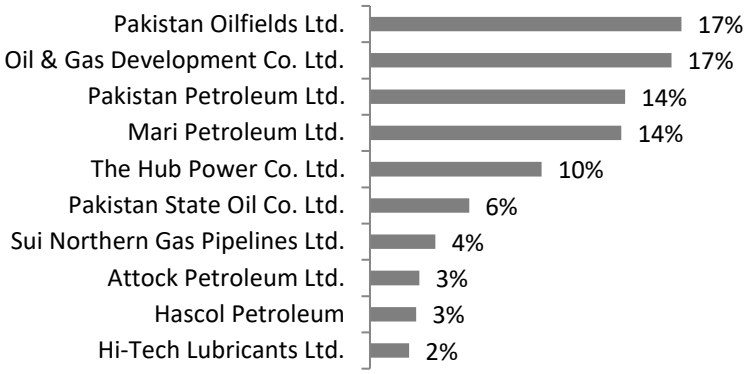
Strategy, Investment Policy and Asset Allocation

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

Sector Allocation for the year ended FY19 and FY20



Top Holdings



Performance Review

During FY20, Meezan Energy Fund (MEF) provided a negative return of -10.04% to its investors while the KSE Meezan Index (KMI 30) appreciated by 1.62% to close at 54,995 pts.

	MEF	KMI-30
Net Asset Value (NAV) as on June 30, 2019 –Rs.	33.36	54,119
Net Asset Value (NAV) as on June 30, 2020 –Rs.	30.02	54,995
Return During the Period	-10.04%	1.62%

The Fund earned a gross loss of Rs. 32 million in fiscal year 2020 as compared to total loss of Rs. 311 million last year. Total loss comprised of realized and unrealized capital losses on investments of Rs. 51 million and Rs. 0.03 million respectively. Dividend income contributed Rs. 16 million to income, while profit on saving accounts with banks amounted to Rs. 3 million. After accounting for expenses of Rs. 21 million, the Fund posted a net loss of Rs. 53 million. The net assets of the Fund as at June 30, 2020 were Rs. 542 million as compared to Rs. 599 million at the end of last year depicting a decline of 9%. The net asset value per unit as at June 30, 2020 was Rs. 30.02 as compared to Rs. 33.36 per unit as on June 30, 2019.

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, 2020 an amount of Rs. 1 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2020.

Breakdown of unit holdings by size:

(As on June 30, 2020)

Range (Units)	No. of investors
1 - 9,999	1,304
10,000 - 49,999	221
50,000 - 99,999	30
100,000 - 499,999	12
500,000 and above	3
Total	**1,570**

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	2	2	0	0
Percentage		100%	0%	0%

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.

PERFORMANCE TABLE	2020	2019	2018
Net assets (Rs. '000) (ex-distribution)	541,866	598,703	1,636,573
Net assets value / redemption price per unit			
as at June 30 (Rs.) (ex-distribution)	30.0200	33.3649	49.7823
Offer price per unit as at June 30, (Rs.) (ex-distribution)	31.0376	34.4960	51.4699
Highest offer price per unit (Rs.)	43.6558	51.5773	56.0800
Lowest offer price per unit (Rs.)	23.9526	33.5857	46.7400
Highest redemption price per unit (Rs.)	42.2244	49.8862	55.3300
Lowest redemption price per unit (Rs.)	23.1673	32.4845	45.2100
Distribution (%)			
Interim	-	-	-
Final	-	-	-
Date of distribution			
Interim	-	-	-
Final			
Income distribution (Rupees in '000)	-	-	-
Growth distribution (Rupees in '000)	-	-	-
Total return (%)	(10.03)	(32.98)	(0.89)

	One Year	Two Year	Three Year
Average annual return as at June 30, 2020 (%)	(10.03)	(22.35)	(15.77)

Meezan Bank
The Premier Islamic Bank

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

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Fourth year of operations of Meezan Energy Fund (MEF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity

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

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

i. We have reviewed and approved the modes of investments of MEF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MEF as on June 30, 2020 and their evaluation according to the screening criteria established by us. (December 31, 2019 accounts of the Investee companies have been used for the following calculations*):

	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
Company Name	**Nature of Business**	**Debt to Assets (<37%)**	**Non-Compliant Investments (<33%)**	**Non-Compliant Income to Gross Revenue (<5%)**	**Illiquid Assets to Total Assets (>25%)**	**Net Liquid Assets vs. Share Price (B>A)**	
						Net Liquid Assets per Share (A)	**Share Price (B)**
Pakistan Oilfields Ltd.	Oil & Gas Exploration Companies	0.00%	1.35%	4.09%	44.36%	7.96	446.72
Oil & Gas Development Company Ltd.	Oil & Gas Exploration Companies	0.00%	7.95%	7.74%****	33.64%	90.21	142.32

Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.01%	8.64%	1.59%	31.91%	58.79	137
Mari Petroleum Ltd.	Oil & Gas Exploration Companies	7.83%	17.76%	3.13%	30.37%	(664.23)	
The Hub Power Co. Ltd. ***	Power Generation & Distribution Company	32.34%	0.00%	7.32%	53.77%	(43.08)	
Pakistan State Oil Co. Ltd.	Oil and Gas Marketing Companies	29.22%	0.00%	0.90%	33.12	(19.38)	

* 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.
**** OGDC is facing circular debt issues. Company is bound to retain interest bearing TFC/Bonds having no permission to sell from government. Due to high interest rate during July-Dec 2019, non-compliant income is high and exceeds 5%. Company had provided written confirmation that its non-compliant income ratio will be less than 5% due to lower interest rates during July-Dec 2020.

ii. On the basis of information provided by the management, all operations of MEF for the year ended June 30, 2020 have been in compliance with the *Shari'ah* principles.

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

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shariah Advisor

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
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Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ENERGY FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Energy Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Energy Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Energy Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer note 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 518.105 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: ▪ Tested the design and operating effectiveness of the key controls for valuation of investments; ▪ Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2020 and traced it with the books and records of the Fund; and ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN ENERGY FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Assets			
Balances with banks	5	3,214	20,442
Investments	6	518,105	583,850
Receivable against conversion of units		8,224	557
Dividend receivable		109	2,127
Receivable against sale of investments		30,650	-
Advances, deposit and other receivables	7	4,127	1,890
Preliminary expenses and floatation costs	8	283	483
Total assets		564,712	609,349
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	9	1,687	2,039
Payable to Central Depository Company of Pakistan Limited - Trustee	10	104	129
Payable to Meezan Bank Limited		345	1
Payable to Securities and Exchange Commission of Pakistan	11	109	933
Payable against redemption and conversion of units		13,036	724
Payable against purchase of investments		2,776	3,424
Accrued expenses and other liabilities	12	4,789	3,396
Total liabilities		22,846	10,646
NET ASSETS		541,866	598,703
CONTINGENCIES AND COMMITMENTS	13		
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		541,866	598,703
		(Number of units)	
NUMBER OF UNITS IN ISSUE		18,050,159	17,944,102
		(Rupees)	
NET ASSET VALUE PER UNIT		30.0200	33.3649

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

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN ENERGY FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Income			
Net realised loss on sale of investments		(51,043)	(205,302)
Dividend income		16,092	32,139
Profit on balances with banks		2,527	3,379
		(32,424)	(169,784)
Net unrealised diminution on re-measurement of investments - 'at fair value through profit or loss'	6.2	(29)	(141,019)
Total loss		(32,453)	(310,803)
Expenses			
Remuneration to Al Meezan Investment Management Limited - Management Company	9.1	10,860	19,642
Sindh Sales Tax on remuneration of the Management Company	9.2	1,412	2,553
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1	1,089	1,833
Sindh Sales Tax on Remuneration of the Trustee fee	10.2	142	238
Annual fee to Securities and Exchange Commission of Pakistan	11	109	933
Auditors' remuneration	14	281	287
Charity expense	12.1	631	732
Fees and subscription		565	563
Brokerage expense		2,501	1,928
Bank and settlement charges		373	186
Printing charges		-	24
Selling and marketing expense	17	2,172	3,928
Amortisation of preliminary expenses and floatation costs	8	200	200
Allocated expenses	16	543	982
Total expenses		20,878	34,029
Net loss for the year before taxation		(53,331)	(344,832)
Taxation	18	-	-
Net loss for the year after taxation		(53,331)	(344,832)
Allocation of net income for the year			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	
		-	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		-	-

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

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN ENERGY FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in '000)	
Net loss for the year after taxation	(53,331)	(344,832)
Other comprehensive income	-	-
Total comprehensive loss for the year	(53,331)	(344,832)

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

For Al-Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN ENERGY FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	Capital Value	Accumulated Losses	Total	Capital Value	Accumulated Losses	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at beginning of the year	967,743	(369,040)	598,703	1,660,781	(24,208)	1,636,573
Issue of 56,619,350 units (June 30, 2019: 27,187,162 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,889,099	-	1,889,099	1,353,439	-	1,353,439
- Element of loss	(71,676)	-	(71,676)	(265,069)	-	(265,069)
Total proceeds on issuance of units	1,817,423	-	1,817,423	1,088,370	-	1,088,370
Redemption of 56,513,293 units (June 30, 2019: 42,117,633 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,885,560	-	1,885,560	2,096,713	-	2,096,713
- Element of loss	(64,631)	-	(64,631)	(315,305)	-	(315,305)
Total payments on redemption of units	1,820,929	-	1,820,929	1,781,408	-	1,781,408
Total comprehensive loss for the year	-	(53,331)	(53,331)	-	(344,832)	(344,832)
Distribution during the year	-	-	-	-	-	-
Net loss for the year less distribution	-	(53,331)	(53,331)	-	(344,832)	(344,832)
Net assets at end of the year	964,237	(422,371)	541,866	967,743	(369,040)	598,703

Accumulated losses / undistributed income brought forward		
- Realised loss	(228,021)	(48,945)
- Unrealised (loss) / income	(141,019)	24,737
	(369,040)	(24,208)
Accounting income available for distribution		
- Realised (loss) / income	-	-
- Unrealised income / (loss)	-	-
	-	-
Net loss for the year after taxation	(53,331)	(344,832)
Distribution during the year	-	-
Accumulated losses carried forward	(422,371)	(369,040)
Accumulated losses carried forward		
- Realised loss	(422,342)	(228,021)
- Unrealised loss	(29)	(141,019)
	(422,371)	(369,040)
	(Rupees)	**(Rupees)**
Net assets value per unit at the beginning of the year	33.3649	49.7823
Net assets value per unit at the end of the year	30.0200	33.3649

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

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN ENERGY FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year before taxation		(53,331)	(344,832)
Adjustments for:			
Amortisation of preliminary expenses and floatation costs		200	200
Net unrealised diminution on re-measurement of investments - 'at fair value through profit or loss'	6.2	29	141,019
		(53,102)	(203,613)
Decrease in assets			
Investments		65,716	717,022
Receivable against sale of investments		(30,650)	
Dividend receivable		2,018	1,570
Advances, deposit and other receivables		(2,237)	183
		34,847	718,775
Decrease in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(352)	(5,977)
Payable to Central Depository Company of Pakistan Limited - Trustee		(25)	(115)
Payable to Meezan Bank Limited		344	(51)
Payable to Securities and Exchange Commission of Pakistan		(824)	(499)
Payable against purchase of investments - net		(648)	1,110
Accrued expenses and other liabilities		1,393	(195)
		(112)	(5,727)
Net cash (used in) / generated from operating activities		(18,367)	509,435
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		1,809,756	1,100,549
Payment against redemption and conversion of units		(1,808,617)	(1,784,569)
Net cash generated from / (used in) from financing activities		1,139	(684,020)
Net decrease in cash and cash equivalents during the year		(17,228)	(174,585)
Cash and cash equivalents at beginning of the year		20,442	195,027
Cash and cash equivalents at end of the year	5	3,214	20,442

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

For Al-Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Energy Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Company as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed on September 09, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shariah-e-Faisal, Karachi 74400, Pakistan.

1.2 The objective of the Fund is to seek long term capital appreciation through investments in Shariah compliant equity stocks, primarily from the energy sector / segment / industry, as defined in the constitutive documents. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.3 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The Fund is categorised as an Open End Shariah Compliant (Islamic) Equity Scheme in accordance with Circular 7 of 2009 issued by the SECP.

1.4 The Management Company has been assigned a rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 29, 2018) and by PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of repealed Companies Ordinance, 1984; and

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting year beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

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

Amendments	Effective date (accounting years beginning on or after)
- 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.

3.4 Critical accounting estimates and judgments

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

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6.2) and provision for taxation (notes 4.14 and 18)

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

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

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

4.3.3 Regular way contracts

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

4.3.4 Initial recognition and measurement

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

4.3.5 Derecognition

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

4.3.7 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.9 Distributions to unit holders

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

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

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

Element of income represents the difference between net assets value 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 year. 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 will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement currently, on the date when the transaction takes place.

- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the year in which they arise.

- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the commencement of book closure of the investee company / institution declaring the dividend.

- Profit on balances with banks is recognised on a time proportion basis using the effective yield method.

4.12 Expenses

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

4.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a year 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 year when the differences reverse based on enacted tax rates.

4.15 The income of the Fund is exempt from income tax under clause 99 of Part I to the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. 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 to the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

4.16 Earnings / (loss) per unit

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

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

4.17 Foreign currency translation

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

	Note	2020	2019
		(Rupees in '000)	
5 BALANCES WITH BANKS			
Balances with banks in:			
Savings accounts	5.1	2,545	19,835
Current accounts		669	607
		3,214	20,442

5.1 The balances in saving accounts have expected profit rates ranging from 2.31% to 7.40% per annum (2019: 3.32% to 12.35% per annum).

	Note	2020	2019
		(Rupees in '000)	
6 INVESTMENTS			
Investment at 'fair value through profit or loss'			
Listed equity securities	6.1	518,105	583,850

6.1 Investment at 'fair value through profit or loss'

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

Name of the investee company	As at July 1, 2019	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (loss) / gain as at June 30, 2020	Percentage in relation to: Net Assets of the Fund	Percentage in relation to: Paid-up capital of investee company (with face value of investment)	Percentage in relation to: Total Market Value of Investment
	----------Number of shares----------					----------(Rupees in '000)----------			---%---		
Sectors / companies											
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited (note 6.1.1)	105,385	47,500	7,619	96,260	64,244	67,561	79,446	11,885	14.66	0.05	15.33
Oil and Gas Development Company Limited	676,600	1,360,428	-	1,162,800	874,228	93,999	95,291	1,292	17.59	0.02	18.39
Pakistan Oilfields Limited	129,180	298,000	-	146,500	280,680	96,737	98,415	1,678	18.16	0.10	19.00
Pakistan Petroleum Limited (note 6.1.1)	621,765	1,243,000	81,953	1,018,000	928,718	93,067	80,594	(12,473)	14.87	0.03	15.56
									65.28	**0.20**	**68.28**
Oil and Gas Marketing Companies											
Attock Petroleum Limited	29,000	37,800	-	15,600	51,200	16,752	15,626	(1,126)	2.88	0.05	3.02
Hascol Petroleum Limited	616,652	2,956,859	-	2,499,500	1,074,011	12,722	14,607	1,885	2.70	0.11	2.82
Hi-Tech Lubricants Limited	-	460,000	-	50,000	410,000	11,553	12,415	862	2.29	0.35	2.40
Pakistan State Oil Company Limited (note 6.1.1)	318,240	296,400	62,248	478,500	198,388	30,145	31,377	1,232	5.79	0.04	6.06
Shell Pakistan Limited	-	49,000	-	-	49,000	8,309	8,946	637	1.65	0.05	1.73
Sui Northern Gas Pipelines Limited	1,021,300	1,007,500	-	1,650,000	378,800	21,034	20,682	(352)	3.82	0.06	3.99
Sui Southern Gas Pipelines Limited	17,000	-	-	17,000	-	-	-	-	-	-	-
									19.13	**0.66**	**20.02**
Power Generation and Distribution											
Hub Power Company Limited	562,844	1,085,600	-	900,000	748,444	57,019	54,262	(2,757)	10.01	0.06	10.47
K - Electric Limited	5,916,000	4,091,000	-	7,866,000	2,141,000	9,236	6,444	(2,792)	1.19	0.01	1.24
									11.20	**0.07**	**11.71**
Refinery									-		
National Refinery Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
Rights Certificates											
Oil And Gas Marketing Companies											
Hascol Petroleum Limited *	-	-	1,976,859	1,976,859							
Total as at June 30, 2020						**518,134**	**518,105**	**(29)**	**96**		**100**
Total as at June 30, 2019						**724,869**	**583,850**	**(141,019)**	**98**		

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

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the current year, 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, 2020, the bonus shares of the Fund withheld by Pakistan state oil company limited at the time of declaration of bonus shares amounted to Rs. 0.922 million (June 30, 2019: Rs. 0.824 million).

6.1.2 Investments include 65,000 shares of Pakistan Petroleum Limited and 26,500 share of Pakistan Oilfields Limited, having market value of Rs 5.6407 million and 9.2917 million as at June 30, 2020 (June 30, 2019: nil) 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	**Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss**	**Note**	**2020**	**2019**
			(Rupees in '000)	
	Market value of investments	6.1	518,105	583,850
	Carrying value of investments	6.1	518,134	724,869
			(29)	(141,019)

7	**ADVANCES, DEPOSITS AND OTHER RECEIVABLES**			
	Profit accrued on balances with banks		96	359
	Security deposit with Central Depository Company of Pakistan Limited		100	100
	'Security deposit with National Clearing Company of Pakistan Limited		2,500	-
	Advance tax	7.1	1,431	1,431
			4,127	1,890

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, during the prior years, withholding tax on dividend and profit on debt paid to the Fund was 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 withholdee. The tax withheld on dividends and profit on debt amounts to Rs 1.431 million.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on debt has been shown as other receivables as at June 30, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

		Note	**2020**	**2019**
			(Rupees in '000)	
8	**PRELIMINARY EXPENSES AND FLOATATION COSTS**			
	At the beginning of the year		483	683
	Less: Amortisation during the year	8.1	200	200
	At the end of the year		283	483

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

9 PAYABLE TO Al MEEZAN MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2020	2019
		(Rupees in '000)	
Management fee payable	9.1	928	1,137
Sindh Sales Tax payable on remuneration of the Management Company	9.2	121	148
Sales load		66	13
Sindh Sales Tax payable on sales load		9	2
Allocated expense payable	16	46	57
Selling and marketing expenses payable	17	517	682
		1,687	2,039

9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2019: 2%) per annum of the average net assets of the Fund during the year ended 30 June 2020. The remuneration is payable to the Management Company monthly in arrears.

9.2 During the year, an amount of Rs. 1.412 million (2019: Rs 2.553 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. 1.439 million (2019: Rs.2.753 million) has been paid to the Management Company which acts as a collecting agent.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE	Note	2020	2019
		(Rupees in '000)	
Trustee fee payable	10.1	92	114
Sindh Sales Tax payable on remuneration of the Trustee	10.2	12	15
		104	129

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

On net assets:

- Up to Rs 1,000 million — 0.20% per annum of net assets
- Over Rs. 1,000 million — Rs 2 million plus 0.10% per annum of net assets exceeding Rs 1,000 million.

10.2 During the year, an amount of Rs 0.142 million (2019: Rs. 0.238 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. 0.145 million (2019: Rs.0.252 million) was paid to the Trustee which acts as a collecting agent.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020	2019
		(Rupees in '000)	
Auditors' remuneration payable		195	195
Printing charges payable		34	38
Shariah advisor fee payable		269	265
Charity payable	12.1	655	924
Capital gain tax payable		425	211
Provision for Sindh Workers' Welfare Fund	12.2	1,527	1,527
Brokerage payable		1,679	231
Zakat payable		5	5
		4,789	3,396

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

During the year ended June 30, 2020, non-Shariah compliant income amounting to Rs 0.631 million (2019: Rs 0.732 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of the Shariah Advisor.

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the year from May 21, 2015 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.08 per unit (2019: Re 0.09 per unit).

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

14 AUDITORS' REMUNERATION

	2020	2019
	(Rupees in '000)	
Annual audit fee	212	210
Half yearly review	54	62
Out of pocket expenses	15	15
	281	287

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 3.83% which includes 0.36% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund , sales taxes , annual fee to the SECP, Shariah advisors fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Equity Scheme.

16 ALLOCATED EXPENSES

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

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

17 SELLING AND MARKETING EXPENSES

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 a year of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

The Management Company, based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

18 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders 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.

19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

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

Balances	2020	2019
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	928	1,137
Sindh Sales Tax on management fee payable	121	148
Sales load payable	66	13
Sindh Sales Tax on sales load payable	9	2
Allocated expenses	46	57
Selling and marketing expense payable	517	682
Investment of 5,379,191 units (June 30, 2019: 6,150,459 units)	161,483	205,209

	2020	2019
	(Rupees in '000)	
Meezan Bank Limited		
Bank balance	2,651	1,120
Profit receivable on saving accounts	72	162
Sales load payable	306	1
Sindh Sales Tax on sales load payable	40	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	92	114
Sindh Sales Tax on trustee fee payable	12	15
Security deposit	100	100
Directors and executives of the Management Company		
Investment of 23,930 units (June 30, 2019: 234,114 units)	718	7,811
Transactions during the year		
Al Meezan Investment Management Limited - Management Company		
Remuneration for the year	10,860	19,642
Sindh Sales Tax on remuneration of the Management Company	1,412	2,553
Allocated expenses	543	982
Selling and marketing expense	2,172	3,928
Units issued: 972,238 units (June 30, 2019: 2,613,203)	30,179	90,233
Units redeemed: 1,743,506 units (June 30, 2019: 4,553,414 units)	61,000	221,000
Meezan Bank Limited		
Profit on saving accounts	1,668	1,210
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,089	1,833
Sindh Sales Tax on Remuneration of the Trustee	142	238
CDS charges	84	73
Directors and executives of the Management Company		
Units issued: 3,389,033 units (June 30, 2019: 1,710,7940 units)	104,901	69,365
Units redeemed: 3,528,353 units (June 30, 2019: 2,362,243 units)	100,594	86,903

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

20 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	Amortised Cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	3,214	-	3,214
Investments	-	518,105	518,105
Receivable against conversion of units	8,224	-	8,224
Dividend receivable	109	-	109
Receivable against sale of investments	30,650	-	30,650
Advances, deposits and other receivables	193	-	193
	42,390	518,105	560,495

	2020		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	1,687	1,687
Payable to Central Depository Company of Pakistan Limited - Trustee	-	104	104
Payable against conversion and redemption of units	-	13,036	13,036
Payable to Meezan Bank Limited	-	345	345
Payable against purchase of investments	-	2,776	2,776
Accrued expenses and other liabilities	-	2,832	2,832
	-	20,780	20,780

	2019		
	Amortised Cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	20,442	-	20,442
Investments	-	583,850	583,850
Receivable against conversion of units	557	-	557
Dividend receivable	2,127	-	2,127
Advances, deposits and other receivables	459	-	459
	23,585	583,850	607,435

	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	-	2,039	2,039
Payable to Central Depository Company of Pakistan Limited - Trustee	-	129	129
Payable against conversion and redemption of units	-	724	724
Payable to Meezan Bank Limited	-	1	1
Payable against purchase of investments	-	3,424	3,424
Accrued expenses and other liabilities	-	1,653	1,653
	-	7,970	7,970

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies:

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

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

21.1 Market risk

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

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

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

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 0.025 million (2019: Rs. 0.198 million).

b) Sensitivity analysis for fixed rate instruments

As at 30 June 2020, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 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, 2020 can be determined as follows:

	2020					
		Exposed to yield / profit rate risk				
	Effective profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Total
		(Rupees in '000)				
Financial assets						
Balances with banks in:	2.31% - 7.40%	2,545	-	-	669	3,214
Investment		-	-	-	518,105	518,105
Receivable against issue of units		-	-	-	8,224	8,224
Dividend receivable		-	-	-	109	109
Receivable against sale of investments					30,650	30,650
Advances, deposits and other receivables		-	-	-	193	193
		2,545	**-**	**-**	**557,950**	**560,495**
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	1,687	1,687
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	104	104
Payable against conversion and redemption of units		-	-	-	13,036	13,036
Payable to Meezan Bank Limited		-	-	-	345	345
Payable against purchase of investments		-	-	-	2,776	2,776
Accrued expenses and other liabilities		-	-	-	2,832	2,832
		-	**-**	**-**	**20,780**	**20,780**
On-balance sheet gap (a)		**2,545**	**-**	**-**	**537,170**	**539,715**
Off-balance sheet financial instruments		**-**	**-**	**-**	**-**	**-**
Off-balance sheet gap (b)		**-**	**-**	**-**	**-**	**-**
Total profit rate sensitivity gap (a+b)		**2,545**	**-**	**-**		
Cumulative profit rate sensitivity gap		**2,545**	**2,545**	**2,545**		

	2019					
		Exposed to yield / profit rate risk				
	Effective profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Total
		(Rupees in '000)				
Financial assets						
Balances with banks in:	3.32% to 12.35%	19,835	-	-	607	20,442
Investment		-	-	-	583,850	583,850
Receivable against issue of units		-	-	-	557	557
Dividend receivable		-	-	-	2,127	2,127
Advances, deposits and other receivables		-	-	-	459	459
		19,835	**-**	**-**	**587,600**	**607,435**
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	2,039	2,039
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	129	129
Payable against conversion and redemption of units		-	-	-	724	724
Payable to Meezan Bank Limited		-	-	-	1	1
Payable against purchase of investments		-	-	-	3,424	3,424
Accrued expenses and other liabilities		-	-	-	1,653	1,653
		-	**-**	**-**	**7,970**	**7,970**
On-balance sheet gap (a)		**19,835**	**-**	**-**	**579,630**	**599,465**
Off-balance sheet financial instruments		**-**	**-**	**-**	**-**	**-**
Off-balance sheet gap (b)		**-**	**-**	**-**	**-**	**-**
Total profit rate sensitivity gap (a+b)		**19,835**	**-**	**-**		
Cumulative profit rate sensitivity gap		**19,835**	**19,835**	**19,835**		

(ii) Currency risk

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

(iii) Price risk

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

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

In case of 1% increase / decrease in KMI 30 index on June 30, 2020, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 5.1811 million (2019: Rs.5.839 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI-30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 Index.

21.2 Liquidity risk

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

The Fund is exposed to daily 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 year at the end of the reporting year 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:

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	(Rupees in '000)						
Financial assets							
Balances with banks	3,214	-	-	-	-	-	3,214
Investments	-	-	-		-	518,105	518,105
Receivable against conversion of units	8,224	-	-	-	-	-	8,224
Dividend receivable	109	-	-	-	-	-	109
Receivable against sale of investments	30,650	-	-	-	-	-	30,650
Advances, deposits and other receivables	193	-	-	-	-	-	193
	42,390	**-**	**-**	**-**	**-**	**518,105**	**560,495**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	1,687	-	-	-	-	-	1,687
Payable to Central Depository Company of Pakistan Limited - Trustee	104	-	-	-	-	-	104
Payable against conversion and redemption of units	13,036	-	-	-	-	-	13,036
Payable to Meezan Bank Limited	345	-	-	-	-	-	345
Payable against purchase of investments	2,776	-	-	-	-	-	2,776
Dividend payable	-	-	-	-	-	-	-
Accrued expenses and other liabilities	-	2,832	-	-	-	-	2,832
	17,948	**2,832**	**-**	**-**	**-**	**-**	**20,780**
Net assets / (liabilities)	**24,442**	**(2,832)**	**-**	**-**	**-**	**518,105**	**539,715**

	2019						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	(Rupees in '000)						
Financial assets							
Balances with banks	20,442	-	-	-	-	-	20,442
Investments	-	-	-		-	583,850	583,850
Receivable against conversion of units	557	-	-	-	-	-	557
Dividend receivable	2,127	-	-	-	-	-	2,127
Advances, deposits and other receivables	459	-	-	-	-	-	459
	23,585	**-**	**-**	**-**	**-**	**583,850**	**607,435**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	2,039	-	-	-	-	-	2,039
Payable to Central Depository Company of Pakistan Limited - Trustee	129	-	-	-	-	-	129
Payable against conversion and redemption of units	724	-	-	-	-	-	724
Payable to Meezan Bank Limited	1	-	-	-	-	-	1
Payable against purchase of investments	3,424	-	-	-	-	-	3,424
Dividend payable	-	-	-	-	-	-	-
Accrued expenses and other liabilities	-	1,653	-	-	-	-	1,653
	6,317	**1,653**	**-**	**-**	**-**	**-**	**7,970**
Net assets / (liabilities)	**17,268**	**(1,653)**	**-**	**-**	**-**	**583,850**	**599,465**

21.3 Credit risk

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

	2020		2019	
	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	3,214	3,214	20,442	20,442
Investments	518,105	-	583,850	-
Receivable against conversion of units	8,224	8,224	557	557
Dividend receivable	109	109	2,127	2,127
Receivable against sale of investments	30,650	30,650	-	-
Advances, deposits and other receivables	193	193	459	459
	560,495	42,390	607,435	23,585

The difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investment in equity securities of Rs 518.106 million (2019: Rs 583.850 million) is not exposed to credit risk.

21.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	0.93	2.38
AA+	88.29	82.04
A+	10.78	15.58
	100.00	**100.00**

21.3.3 Concentration of credit risk

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

21 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets			
At fair value through profit or loss	518,105	-	-

	2019		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets			
At fair value through profit or loss	583,850	-	-

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 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	1,421	364,318	67.23	1,432	358,289	59.84
Associated Companies / Directors	1	161,484	29.80	1	205,209	34.28
Retirement Funds	1	162	0.03	1	180	0.03
Insurance Companies	-	-	-	1	22,128	3.70
Others	19	15,902	2.94	10	12,897	2.15
	1,442	**541,866**	**100.00**	**1,445**	**598,703**	**100.00**

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Spectrum Securities (Private) Limited	11%	JS Global Capital Limited	12%
JS Global Capital Limited	10%	BMA Capital Management Limited	10%
Optimus Capital Management Private Limited	7%	Optimus Capital Management (Private) Limited	9%
Top Line Securities (Private) Limited	7%	EFG Hermes Pakistan Limited	8%
Taurus Securities Limited	6%	Foundation Securities (Private) Limited	8%
Arif Habib Limited	6%	Taurus Securities Limited	7%
BMA Capital Management Limited	6%	Alfalah Securities (Private) Limited	7%
Standard Capital Sec (Private) Limited	5%	Arif Habib Limited	6%
Invest & Finance Securities Limited	5%	Vector Securities (Private) Limited	5%
AKD Securities Limited	5%	Aba Ali Habib Securities (Private) Limited	5%

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM /MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Nine years

The name of the fund manager is Mr. Ahmed Hassan. Other funds being managed by the fund manager are as follows:

- Al Meezan Mutual Fund
- Meezan Tahaffuz Pension Fund

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Designation	Meeting held on				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	Apr 15, 2020	Jun 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidw ai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

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 13, 2020**.

29 GENERAL

29.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

29.2 Operational Risk Management

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

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

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

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

Meezan
Balanced Fund

COMPLETE SUITE OF DIGITAL SERVICES

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, Certifcates of Musharika, Islamic Sukuks, Ready-future hedges and other Shariah compliant instruments.

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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	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
Al Baraka Islamic Bank B.S.C (E.C)
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
MCB Islamic Bank
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking
Samba Bank Limited
Sindh Bank Limited
UBL Ameen - Islamic Banking

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

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

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER
Meezan 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.

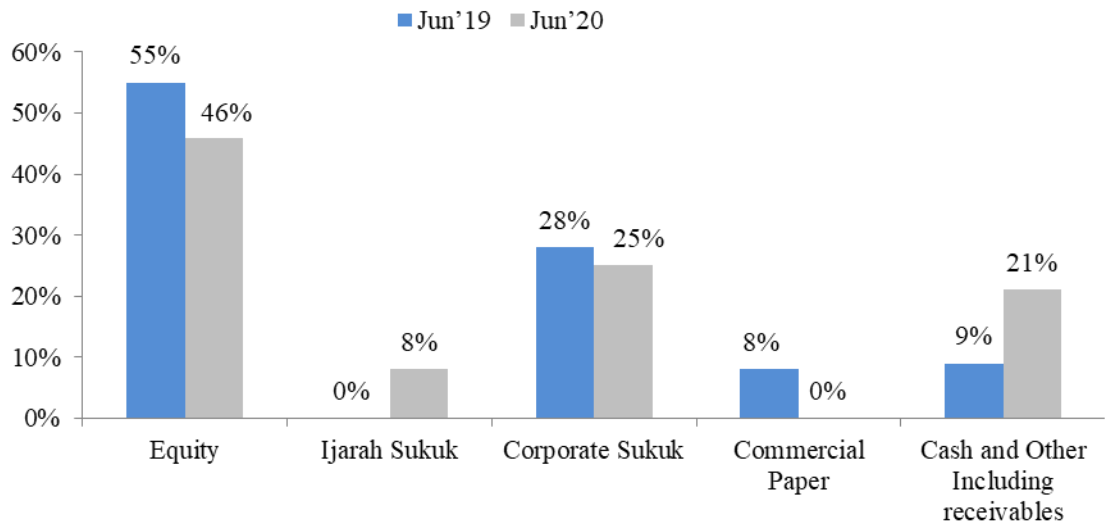
The fund invests only in Shariah Compliant instruments with the objective of maximizing total return to its unit holders and maintaining risks within acceptable levels. The fund also has a focus of long term preservation of capital and aims to maximize total returns by varying fund's allocations to fixed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

Strategy and Investment Policy

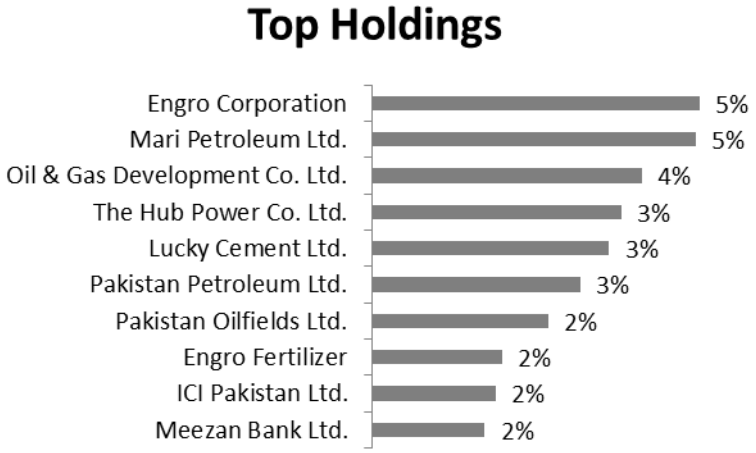
Being a balanced fund, performance of MBF is linked proportionately to the performance of stock market and Islamic fixed income instruments. The fund manager, Al Meezan Investments, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. The fund primarily 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 revised policy, the fund can invest up to 50% 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 2019 and 2020



The fund maintained significant exposure to the Oil and Gas Exploration sector which was gradually reduced in 2nd half of FY20 due to negative outlook on oil prices. Exposure to cement sector was gradually increased due to government's support on construction sector. The average equity exposure in the fund during the year was 53.39% while the remaining was deployed in quality fixed income instruments.

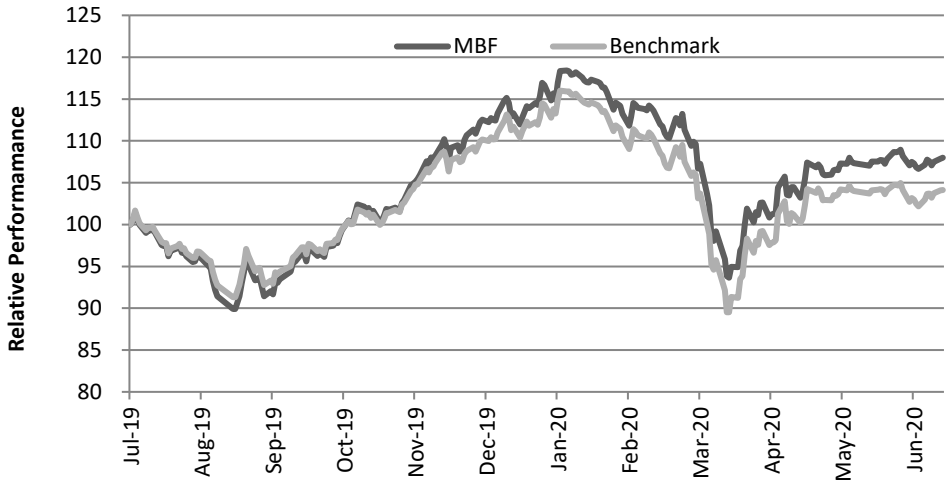


Performance Review

During FY20, Meezan Balanced Fund (MBF) provided a positive return of 8.14% to its investors compared to benchmark return of 5.80%.

	30-Jun-20	30-Jun-19	Change
NAV			
Meezan Balanced Fund	**13.71**	**13.46**	8.14%
Benchmark Returns (Inputs)			
KMI 30	**54,995**	54,119	1.62%
Average Yield on Islamic Bank Deposits (annualised)			**6.33%**
KMI 30 Return	1.62%	50.00%	0.81%
Islamic Bank Deposit Return	6.33%	50.00%	3.17%
Benchmark Return			5.80%
Outperformance			2.34%

MBF posted a total income of Rs. 519 million in the fiscal year 2020 as compared to a total loss of Rs. 681 million last year. Total income comprised of realized and unrealized gain on investments of Rs. 84 million and Rs. 51 million respectively. Dividend income contributed Rs. 120 million to income, while profit on saving accounts with banks amounted to Rs. 81 million. Profit on Sukuks certificates was Rs. 183 million. After accounting for expenses of Rs. 147 million, the Fund posted a net income of Rs. 372 million. The net assets of the Fund as at June 30, 2020 were Rs. 3,916 million as compared to Rs. 5,350 million at the end of last year depicting a decrease of 27%. The net asset value per unit as at June 30, 2020 was Rs. 13.71 as compared to Rs. 13.46 per unit as on June 30, 2019.



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, 2020 an amount of Rs. 4.679 million was accrued as charity payable.

Distributions

The interim distribution in the form of cash dividend by the Fund during the fiscal year ending June 30, 2020 was Rs. 0.84 per unit (8.4%). Total distribution made by the fund was Rs. 231 million.

Breakdown of unit holdings by size

(As on June 30, 2020)

Range (Units)	No. of investors
1-9,999	3106
10,000-49,999	826
50,000-99,999	291
100,000-499,999	274
500,000 and above	73
Total	**4,570**

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	3	3	0	0
Percentage		100%	0%	0%

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

PERFORMANCE TABLE	**2020**	2019	2018	2017	2016
Net assets (ex-distribution) (Rupees in '000)	**3,915,562**	5,350,090	7,843,005	9,516,105	4,707,687
Net assets value per unit / certificate as at June 30 (ex-distribution) (Rupees)	**13.7136**	13.4608	15.4366	16.95	15.84
Distribution					
- Final	**N/A**	N/A	N/A	N/A	N/A
- Interim	**0.084**	N/A	0	0.125	0.06
Dates of distribution	**June 30, 2020**	N/A	N/A	June 23, 2017	June 24, 2016
Distribution - income distribution (Rupees in '000')	**231,189**	N/A	N/A	643,935	171,188
Distribution - growth distribution (Rupees in '000')	**N/A**	N/A	N/A	N/A	N/A
Highest NAV per unit (Rupees)	**15.9606**	15.7456	17.0948	19.59	16.57
Lowest NAV per unit (Rupees)	**12.1183**	13.0783	14.6771	15.92	14.25
Total return (%)	**8.14**	-12.81	-9	15	12
Earnings per unit (Rupees)	**0**	0	0	0	0

	One year	Two years	Three years	Four years	Five Years
Average annual return as at June 30, 2019 (%)	**8.14**	(2.90)	(4.98)	(0.33)	2.02

Meezan Bank
The Premier Islamic Bank

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

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Sixteenth 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, 2020 and their evaluation according to the screening criteria established by us. (December 31, 2019 accounts of the Investee companies have been used for the following calculations*):

	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
Company Name	**Nature of Business**	**Debt to Assets (<37%)**	**Non-Compliant Investments (<33%)**	**Non-Compliant Income to Gross Revenue (<5%)**	**Illiquid Assets to Total Assets (>25%)**	**Net Liquid Assets vs. Share Price (B>A)**	
						Net Liquid Assets per Share (A)	**Share Price (B)**
Engro Corporation Ltd.	Fertilizer	28.34%	22.25%	4.72%	58.58%	(220.55)	
Mari Petroleum Ltd.	Oil & Gas Exploration Companies	7.83%	17.76%	3.13%	30.37%	(664.23)	
Oil & Gas Development Co. Ltd..	Oil & Gas Exploration Companies	0.00%	7.95%	7.74%****	33.64%	90.21	142.32

The Hub Power Company Ltd.***	Power Generation & Distribution Company	32.34%	0.00%	7.32%	53.77%	(43.08)	
Lucky Cement Ltd.	Cement	25.55%	0.71%	2.59%	85.13%	(279.47)	

* 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.
**** OGDC is facing circular debt issues. Company is bound to retain interest bearing TFC/Bonds having no permission to sell from government. Due to high interest rate during July-Dec 2019, non-compliant income is high and exceeds 5%. Company had provided written confirmation that its non-compliant income ratio will be less than 5% due to lower interest rates during July-Dec 2020.

ii. On the basis of information provided by the management, all operations of MBF for the year ended June 30, 2020 have been in compliance with the *Shari'ah* principles.

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

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

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

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN 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, 2020 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 25, 2020

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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, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 3,266.840 million and balances with banks aggregated to Rs 785.606 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, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others 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, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and ▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN BALANCED FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Assets			
Balances with banks	5	785,606	357,560
Investments	6	3,266,840	4,945,739
Receivable against conversion of units		4,245	673
Dividend receivable		605	14,704
Receivable against sale of investments		4,364	75,910
Advances, deposits and other receivables	7	40,593	73,510
Total assets		4,102,253	5,468,096
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	5,473	16,770
Payable to Central Depository Company of Pakistan Limited - Trustee	9	458	615
Payable to the Securities and Exchange Commission of Pakistan	10	905	5,831
Payable to Meezan Bank Limited		76	1
Payable against purchase of investments		4,740	-
Payable against redemption and conversion of units		4,614	2,247
Dividend payable		52,994	7,490
Accrued expenses and other liabilities	11	117,432	85,052
Total liabilities		186,692	118,006
NET ASSETS		3,915,561	5,350,090
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		3,915,561	5,350,090
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		285,524,181	397,457,351
		(Rupees)	
NET ASSET VALUE PER UNIT		13.7136	13.4608

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN BALANCED FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Income			
Profit on balances with banks		80,729	81,186
Dividend income		120,389	193,158
Profit on sukuk certificates		167,328	161,932
Profit on commercial papers		15,992	40,187
Net realised gain / (loss) on sale of investments		83,991	(283,848)
Other income		75	1,037
		468,504	193,652
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.5	50,613	(874,627)
Total income / (loss)		519,117	(680,975)
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	89,498	137,204
Sindh Sales Tax on remuneration of the Management Company	8.2	11,635	17,837
Allocated expenses	8.3	4,475	6,860
Selling and marketing expenses	8.4	17,900	21,814
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	5,475	7,860
Sindh Sales Tax on remuneration of the Trustee	9.2	712	1,022
Annual fees to the Securities and Exchange Commission of Pakistan	10	905	5,831
Brokerage expense		3,799	2,680
Auditors' remuneration	13	550	540
Fees and subscription		313	866
Charity expense	11.1	3,376	3,404
Printing expense		-	53
Bank and settlement charges		709	852
Provision for Sindh Workers' Welfare Fund	11.2	7,595	-
Total expenses		146,942	206,823
Net income / (loss) for the year before taxation		372,175	(887,798)
Taxation	15	-	-
Net income / (loss) for the year after taxation		372,175	(887,798)
Allocation of net income for the year			
Net income for the year after taxation		372,175	-
Income already paid on units redeemed		(9,770)	-
		362,405	-
Accounting income available for distribution			
- Relating to capital gains		134,604	-
- Excluding capital gains		227,801	-
		362,405	-

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN BALANCED FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---------- Rupees in '000'----------	
Net income / (loss) for the year after taxation		372,175	(887,798)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		372,175	(887,798)

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN BALANCED FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020				2019			
	Capital Value	(Accumulated losses) / undistributed income	Unrealised appreciation/ (diminution) 'available for sale' investments	Total	Capital Value	Undistributed income / (accumulated losses)	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)	5,405,175	(55,085)	-	5,350,090	7,010,292	770,770	61,943	7,843,005
Impact of change in accounting policy	-	-	-	-	-	61,943	(61,943)	-
Net assets at the beginning of the year	5,405,175	(55,085)	-	5,350,090	7,010,292	832,713	-	7,843,005
Issue of 44,838,618 units (2019: 61,198,644 units)								
- Capital value (at net asset value per unit at the beginning of the year)	603,564	-	-	603,564	944,699	-	-	944,699
- Element of income / (loss)	38,680	-	-	38,680	(35,807)	-	-	(35,807)
Total proceeds on issuance of units	642,244	-	-	642,244	908,892	-	-	908,892
Redemption of 156,771,788 units (2019: 171,821,361 units)								
- Capital value (at net asset value per unit at the beginning of the year)	2,110,274	-	-	2,110,274	2,652,338	-	-	2,652,338
- Element of loss / (income)	97,715	9,770	-	107,485	(138,329)	-	-	(138,329)
Total payments on redemption of units	2,207,989	9,770	-	2,217,759	2,514,009	-	-	2,514,009
Total comprehensive income / (loss) for the year	-	372,175	-	372,175	-	(887,798)	-	(887,798)
Distribution during the year	-	(231,189)	-	(231,189)	-	-	-	-
Net income / (loss) for the year less distribution	-	140,986	-	140,986	-	(887,798)	-	(887,798)
Net assets at the end of the year	**3,839,430**	**76,131**	**-**	**3,915,561**	**5,405,175**	**(55,085)**	**-**	**5,350,090**

(Accumulated losses) / undistributed income as previously reported (Audited)				
- Realised income	819,542		1,498,522	
- Unrealised loss	(874,627)		(727,752)	
	(55,085)		770,770	
Impact of change in accounting policy	-		61,943	
(Accumulated losses) / undistributed income brought forward	(55,085)		832,713	
Accounting income available for distribution				
- Relating to capital gains	134,604		-	
- Excluding capital gains	227,801		-	
	362,405		-	
Net income / (loss) for the year after taxation	-		(887,798)	
Distribution during the year	(231,189)		-	
Undistributed income / (accumulated losses) carried forward	76,131		(55,085)	
Undistributed income / (accumulated losses) carried forward				
- Realised income	25,518		819,542	
- Unrealised gain / (loss)	50,613		(874,627)	
	76,131		(55,085)	
		(Rupees)		(Rupees)
Net assets value per unit at the beginning of the year		13.4608		15.4366
Net assets value per unit at the end of the year		13.7136		13.4608

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN BALANCED FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---------- Rupees in '000 ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before taxation		372,175	(887,798)
Adjustments for:			
Net unrealised appreciation / (diminution) on re-measurement of investments - 'at fair value through profit or loss		(50,613)	874,627
Decrease / (increase) in assets			
Investments		1,729,512	384,601
Receivable against sale of investments		71,546	(75,910)
Dividend receivable		14,099	(687)
Advances, deposits and other receivables		32,917	(10,386)
		1,848,074	297,618
(Decrease) / increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(11,297)	(1,232)
Payable to Central Depository Company of Pakistan Limited - Trustee		(157)	(216)
Payable to the Securities and Exchange Commission of Pakistan		(4,926)	(1,335)
Payable to Meezan Bank Limited		75	(306)
Payable against purchase of investments		4,740	(16,084)
Accrued expenses and other liabilities		32,380	3,856
		20,815	(15,317)
Net cash generated from operating activities		2,190,451	269,130
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		638,672	921,530
Payments against redemption and conversion of units		(2,215,392)	(2,515,142)
Dividend paid		(185,685)	(947)
Net cash used in financing activities		(1,762,405)	(1,594,559)
Net increase / (decrease) in cash and cash equivalents		428,046	(1,325,429)
Cash and cash equivalents at the beginning of the year		357,560	1,682,989
Cash and cash equivalents at the end of the year	5	785,606	357,560

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN BALANCED FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 VIS dated December 31, 2019 (2019: AM1 dated December 28, 2018) and by PACRA dated June 26, 2020 (2019: dated June 28, 2019). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

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

There are certain amendments to the standards 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 do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

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)
- 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, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

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

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

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which 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.

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

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

4.3.3 Impairment loss on debt securities

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

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

4.3.4 Regular way contracts

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

4.3.5 Initial recognition and measurement

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

4.3.6 Derecognition

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

4.3.7 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

4.9 Distributions to unit holders

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

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

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

Element of income represents the difference between Net Asset Value 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, commercial paper 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.

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	2020	2019
5	**BALANCES WITH BANKS**		---------- Rupees in '000'---------	
	Balances with banks in:			
	Savings accounts	5.1	777,690	339,909
	Current accounts		7,916	17,651
			785,606	357,560

5.1 The balances in saving accounts have expected profit rates ranging from 1.50% to 7.50% per annum (2019: 3.20% to 12.50% per annum)

		Note	2020	2019
6	**INVESTMENTS**		---------- Rupees in '000'---------	
	At fair value through profit or loss			
	Shares of listed companies - 'ordinary shares'	6.1	1,897,643	2,966,177
	Sukuk certificates	6.2 & 6.3	1,369,197	1,508,261
	Commercial papers	6.4	-	471,301
			3,266,840	4,945,739

6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2019	Purchases during the year	Right / Bonus issue	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain / (loss) as at June 30, 2020	Percentage in relation to: Net Assets of the Fund	Paid-up-capital of the investee company (with face value of investment)	Total market value of invest-ments
	Number of shares					(Rupees in '000)			%age		
Sectors / companies											
Automobile Assemblers											
Ghandhara Industries Limited	67,600	-	-	65,500	2,100	183	254	71	0.01	0.00	0.01
Honda Atlas Cars (Pakistan) Limited	800	6,100	-	800	6,100	1,335	1,181	(154)	0.03	0.00	0.04
Indus Motor Company Limited	-	13,700	-	-	13,700	16,368	13,631	(2,737)	0.35	0.02	0.42
Millat Tractors Company Limited	33,800	3,000	3,256	31,050	9,006	6,758	6,360	(398)	0.16	0.02	0.19
									0.55	0.05	0.66
Automobile parts and accessories											
Agriauto Industries Limited (note 6.1.1)	-	40,200	-	-	40,200	8,383	7,316	(1,067)	0.19	0.14	0.22
Cement											
Attock Cement Pakistan Limited	727	-	-	-	727	52	91	39	0.00	0.00	0.00
Cherat Cement Company Limited	-	350,000	10,000	250,000	110,000	4,296	9,589	5,293	0.24	0.06	0.29
DG Khan Cement Company Limited	355,409	422,000	-	625,409	152,000	11,524	12,970	1,446	0.33	0.03	0.40
Fauji Cement Company Limited	-	1,032,500	-	952,500	80,000	1,430	1,350	(80)	0.03	0.01	0.04
Kohat Cement Limited	505,520	25,000	-	75,000	455,520	25,485	62,611	37,126	1.60	0.23	1.92
Lucky Cement Limited	552,951	18,900	-	278,000	293,851	112,038	135,636	23,598	3.46	0.09	4.15
Maple Leaf Cement Limited	3,125	1,231,656	-	428,500	806,281	17,996	20,947	2,951	0.53	0.12	0.64
									6.21	0.54	7.44

Name of the investee company	As at July 1, 2019	Purchases during the year	Right / Bonus issue	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain / (loss) as at June 30, 2020	Percentage in relation to		
									Net Assets of the Fund	Paid-up-capital of the investee company (with face value of investment)	Total market value of invest-ments
	Number of shares					(Rupees in '000)			%		
Chemicals											
Engro Polymer & Chemicals Limited	2,398,954	-	-	1,731,000	667,954	18,008	16,685	(1,323)	0.43	0.07	0.51
I.C.I. Pakistan Limited	169,316	10,000	-	77,900	101,416	55,706	70,455	14,749	1.80	0.11	2.16
Lotte Chemical Pakistan Limited	-	129,000	-	-	129,000	3,775	3,399	(376)	0.09	0.15	0.10
Ittehad Chemicals Limited	89,000	508,500	-	89,000	508,500	4,702	5,060	358	0.13	0.03	0.15
Sitara Peroxide Limited	2,100	-	-	-	2,100	642	582	(60)	0.01	0.01	0.02
Sitara Chemical Industries Limited	-	400,000	-	-	400,000	8,156	8,164	8	0.21	0.73	0.25
									2.66	1.10	3.19
Commercial Banks											
BankIslami Pakistan Limited	875	1,115,587	-	685,000	431,462	4,662	3,262	(1,400)	0.08	0.04	0.10
Meezan Bank Limited	1,212,885	300,000	-	579,000	933,885	75,718	64,298	(11,420)	1.64	0.07	1.97
									1.73	0.12	2.07
Engineering											
Amreli Steels Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
International Industries Limited	200	96,000	20	2,500	93,720	8,934	8,597	(337)	0.22	0.08	0.26
International Steels Limited	800	455,000	-	175,800	280,000	12,838	14,462	1,624	0.37	0.06	0.44
K.S.B. Pumps Company Limited	5,000	-	-	-	5,000	505	720	215	0.02	0.04	0.02
Mughal Iron & Steels Ind Ltd	-	125,000	-	50,000	75,000	2,472	2,991	519	0.08	0.03	0.09
									0.68	0.21	0.82
Fertilizers											
Engro Corporation Limited (Note 6.1.2)	1,084,490	54,000	-	498,768	639,722	171,915	187,387	15,472	4.79	0.11	5.74
Engro Fertilizers Limited	2,705,000	75,000	-	1,551,857	1,228,143	78,366	74,032	(4,334)	1.89	0.09	2.27
Fatima Fertilizer Limited	-	95,000	-	-	95,000	2,688	2,539	(149)	0.06	0.00	0.08
									6.74	0.21	8.08
Food & Personal Care Products											
Al-Shaheer Corporation Limited	7,225	484	-	-	7,709	96	88	(8)	0.00	0.01	0.00
At-Tahur Limited	64,311	-	6,431	-	70,742	1,268	1,219	(49)	0.03	0.05	0.04
Engro Foods Limited	3,800	-	-	3,800	-	-	-	-	-	-	-
									0.03	0.05	0.04
Glass & Ceramics											
Tariq Glass Industries Limited	5,000	25,000	-	5,000	25,000	1,350	1,613	263	0.04	0.03	0.05
Investment Banks											
Dawood Hercules Corporation Limited	-	8,800	-	-	8,800	1,010	1,126	116	0.03	0.00	0.03
Miscellaneous											
Shifa International Hospitals Limited	84	-	-	-	84	18	20	2	-	-	-
Oil & Gas Exploration											
Mari Petroleum Company Limited	152,461	16,540	15,246	34,500	149,747	140,761	185,185	44,424	4.73	0.12	5.67
Oil and Gas Development Company Limited	2,453,000	135,000	-	1,172,900	1,415,100	180,944	154,246	(26,698)	3.94	0.03	4.72
Pakistan Oilfields Limited	449,010	37,000	-	198,300	287,710	115,442	100,880	(14,562)	2.58	0.10	3.09
Pakistan Petroleum Limited	1,977,835	361,000	353,167	1,317,500	1,374,502	157,647	119,279	(38,368)	3.05	0.06	3.65
									14.29	0.32	17.13
Oil and Gas Marketing											
Attock Petroleum Limited	12,000	-	-	-	12,000	3,462	3,662	200	0.09	0.01	0.11
Hi-Tech Lubricants Limited	282,544	2,047,356	-	1,278,500	1,051,400	18,576	14,299	(4,277)	0.37	0.53	0.44
Hascol Petroleum Limited	-	125,000	-	-	125,000	3,483	3,785	302	0.10	0.11	0.12
Pakistan State Oil Company Limited	771,492	130,000	111,898	631,100	382,290	55,845	60,463	4,618	1.54	0.10	1.85
Sui Northern Gas Pipeline Limited	2,211,500	-	-	1,423,500	788,000	54,758	43,025	(11,733)	1.10	0.12	1.32
									3.10	0.86	3.72
Paper & Board											
Cherat Packaging Limited	-	95,000	-	-	95,000	6,287	6,799	512	0.17	0.06	0.21
Century Paper & Board Mills Limited	52,400	-	3,540	24,700	31,240	2,290	3,660	1,370	0.09	0.08	0.11
Packages Limited	273,923	6,000	-	190,900	89,023	26,992	30,910	3,918	0.79	0.10	0.95
									1.06	0.25	1.27

Name of the investee company	As at July 1, 2019	Purchases during the year	Right / Bonus issue	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain / (loss) as at June 30, 2020	Percentage in relation to		
									Net Assets of the Fund	Paid-up-capital of the investee company (with face value of investment)	Total market value of invest-ments
	Number of shares					(Rupees in '000)			%		
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	2,350	-	-	100	2,250	1,068	1,492	424	0.04	0.00	0.05
AGP Limited	626,000	190,000	-	376,000	440,000	38,028	48,286	10,258	1.23	0.16	1.48
GlaxoSmithKline Consumer Healthcare	153,800	-	-	78,200	75,600	14,591	20,539	5,948	0.52	0.06	0.63
Highnoon Laboratories Limited	1,598	-	159	-	1,757	405	881	476	0.02	0.01	0.03
The Searle Company Limited	338,470	24,900	-	173,000	190,370	28,800	37,927	9,127	0.97	0.09	1.16
									2.79	0.32	3.34
Power Generation & Distribution											
K-Electric Limited (note 6.1.1)	19,272,000	500,000	-	8,617,000	11,155,000	48,430	33,577	(14,853)	0.86	0.12	1.03
The Hub Power Company Limited	2,432,143	225,000	-	690,430	1,966,713	153,492	142,587	(10,905)	3.64	0.17	4.36
									4.50	0.29	5.39
Real Estate Investment Trust											
Dolmen City REIT	1,909,000	-	-	-	1,909,000	19,415	20,789	1,374	0.53	0.09	0.64
Technology & Communication											
Avanceon Limited	240,800	101,000	14,180	200,000	155,980	4,826	5,515	689	0.14	0.08	0.17
Netsol Technologies Limited	3,600	35,000	-	38,600	-	-	-	-	-	-	-
Systems Limited	187,550	-	-	25,000	162,550	15,600	29,857	14,257	0.76	0.13	0.91
									0.90	0.21	1.08
Textile composite											
Feroze1888 Mills Limited	250,000	13,300	-	-	263,300	26,390	21,538	(4,852)	0.55	0.07	0.66
Interloop Limited	1,438,222	-	-	329,000	1,109,222	49,105	48,717	(388)	1.24	0.13	1.49
Nishat Mills Limited	680,800	250,000	-	660,200	270,600	21,061	21,110	49	0.54	0.08	0.65
									2.33	0.27	2.80
Vanaspati & Allied Industries											
Unity Foods Limited	742,838	-	-	742,838	-	-	-	-	-	-	-
Total as at June 30, 2020						**1,846,375**	**1,897,643**	**51,268**			
Total as at June 30, 2019						**3,824,719**	**2,966,177**	**(858,542)**			

6.1.1 All shares have a face value of Rs 10 each except for the shares of K-Electric Limited and Agriauto Industries Limited which have a face value of Rs 3.5 and 5 each respectively.

6.1.2 Investments include 150,000 shares of Engro Corporation Limited, having a market value of Rs 43.938 million (2019: Rs 39.840 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

6.1.3 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 year ended June 30, 2019. During the year ended June 30, 2020, 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 Court 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, 2020, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 4.701 million (2019: 3.837 million).

6.2 Government Securities - GOP Ijarah Sukuk

Name of the Security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / matured during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain / (loss) as at June 30, 2020	Percentage in relation to	
										Net Assets of the Fund	Total market value of investments
			(Number of certificates)				(Rupees in '000)			%	
GoP Ijarah Sukuk Certificates - XX (Note 6.2.1)	April 30, 2025	Weighted Average 6 months T-Bills	-	1,870	-	1,870	187,019	181,390	(5,629)	4.63	5.55
GoP Ijarah Sukuk Certificates - XXI (Note 6.2.1)	May 29, 2025	Weighted Average 6 months T-Bills	-	1,500	-	1,500	150,000	150,405	405	3.84	4.60
				Total as at June 30, 2020			**337,019**	**331,795**	**(5,224)**		
				Total as at June 30, 2019			**-**	**-**	**-**		

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

6.3 Sukuk certificates

Name of the investee company	Profit payments / Principal redemp-tions	Maturity	Profit rate	As at July 1, 2019	Purchases during the year	Sales / Redemp-tions / matured during the year	As at June 30, 2020	Carrying value as at June 30, 2020*	Market value as at June 30, 2020*	Unrealised gain / (loss) as at June 30, 2020	Percentage in	
											Net Assets of the Fund	Total market value of invest-ments
				Number of certificates				(Rupees in '000)			%	
Engro Fertilizer Pakistan Limited - II (AA, PACRA, non traded) (note 6.3.1)	Semi-annually	July 9, 2019	6 months KIBOR plus base rate of 1.75%	13,600	-	13,600	-	-	-	-	-	-
K Electric Limited - (7 years) (note 6.3.1) (AA+, VIS, traded)	Quarterly	June 17, 2022	3 months KIBOR plus base rate of 1%	87,253	-	17,250	70,003	140,956	141,755	799	3.62	4.34
Security Leasing Corporation Limited II * (note 6.3.1 & 6.3.3)	Annually	January 19, 2022	N/A	1,540	-	-	1,540	-	-	-	-	-

Name of the investee company	Profit payments / Principal redemp-tions	Maturity	Profit rate	As at July 1, 2019	Purchases during the year	Sales / Redemp-tions / matured during the year	As at June 30, 2020	Carrying value as at June 30, 2020*	Market value as at June 30, 2020*	Unrealised gain / (loss) as at June 30, 2020	Percentage in	
											Net Assets of the Fund	Total market value of invest-ments
				---------- Number of certificates ----------				---------- (Rupees in '000) ----------			---------- % ----------	
Eden Housing Limited * (note 6.3.1 & 6.3.3)	Semi-annually	September 29, 2014	N/A	5,000	-	-	5,000	-	-	-	-	-
Arzoo Textile Mills Limited * (note 6.3.1 & 6.3.3)	Semi-annually	April 15, 2014	N/A	5,000	-	-	5,000	-	-	-	-	-
Hascol Peroleum Limited - Sukuk (BBB-, VIS, non-traded) (note 6.3.1 & 6.3.3)	Quarterly	January 7, 2022	3 months KIBOR plus base rate of 1.50%	50,000	-	-	50,000	88,156	86,419	(1,737)	2.21	2.65
Fatima Fertilizer Company Limited - Sukuk (AA-, PACRA, traded) (note 6.3.1)	Semi-annually	November 28, 2021	6 months KIBOR plus base rate of 1.10%	14,711	-	14,711	-	-	-	-	-	-
Dubai Islamic Bank Pakistan Limited - Sukuk (AA-, VIS, traded) (note 6.3.1)	Semi-annually	July 14, 2027	6 months KIBOR plus base rate of 0.50%	141	-	-	141	143,637	144,699	1,062	3.70	4.43
International Brands Limited (AA, VIS, traded) (note 6.3.1)	Quarterly	November 15, 2021	3 months KIBOR plus base rate of 0.50%	3,000	-	2,350	650	45,508	45,996	488	1.17	1.41
Neelum Jhelum Hydropow er Company (Private) Limited (AAA, VIS, traded) (note 6.3.1)	Semi-annually	June 29, 2026	6 months KIBOR plus base rate of 1.13%	-	230	-	230	17,699	17,690	(9)	0.45	0.54
K-Electric Limited (sukuk 5) (AA+, VIS, non-traded) (note 6.3.1)**	Quarterly	December 27, 2026	3 months KIBOR plus base rate of 1.70%	-	40,000	-	40,000	200,000	200,000	-	5.11	6.12
Meezan Bank Limited (AA, VIS, traded) (note 6.3.1)	Semi-annually	September 22, 2026	6 months KIBOR plus base rate of 0.5%	200	-	120	80	79,998	82,000	2,002	2.09	2.51
Shakarganj Food Products Limited (A, VIS, traded) (note 6.3.1)	Quarterly	July 10, 2024	3 months KIBOR plus base rate of 1.75%	82	-	-	82	68,191	69,700	1,509	1.78	2.13
Javedan Corporation Limited (AA-, VIS, non-traded) (note 6.3.1 & 6.3.2)	Semi-annually	October 4, 2026	6 months KIBOR plus base rate of 1.75%	750	-	-	750	74,651	74,998	347	1.92	2.30
Agha Steel Industries Limited (A, VIS) (note 6.3.1)**	Quarterly	October 9, 2024	3 months KIBOR plus base rate of 0.80%	100	-	-	100	100,000	100,000	-	2.55	3.06

Name of the investee company	Profit payments / Principal redemp-tions	Maturity	Profit rate	As at July 1, 2019	Purchases during the year	Sales / Redemp-tions / matured during the year	As at June 30, 2020	Carrying value as at June 30, 2020*	Market value as at June 30, 2020*	Unrealised gain / (loss) as at June 30, 2020	Percentage in	
											Net Assets of the Fund	Total market value of invest-ments
				----------Number of certificates ----------				---------- (Rupees in '000) ----------			---------- % ----------	
AGP Limited (A+, PACRA, non-traded) (note 6.3.1)	Quarterly	June 9, 2022	3 months KIBOR plus base rate of 1.30%	830	-	425	405	16,200	16,224	24	0.41	0.50
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	-	-	-	-	-	-
Engro Polymer and Chemicals Limited (AA, PACRA, non-traded) (note 6.3.1)	Quarterly	July 11, 2026	3 months KIBOR plus base rate of 0.90%	150	-	72	78	7,837	7,921	84	0.20	0.24
Engro Powergen Thar (Private) Limited (A, PACRA, traded) (note 6.3.1)	Quarterly	August 2, 2024	3 months KIBOR plus base rate of 1.10%	-	3,000	3,000	-	-	-	-	-	-
Hub Power Company Limited (AA+, PACRA) (note 6.3.1)**	Semi-annually	March 19, 2024	1 year KIBOR plus base rate of 1.90%	-	500	-	500	50,000	50,000	-	1.28	1.53
				Total as at June 30, 2020				**1,032,833**	**1,037,402**	**4,569**		
				Total as at June 30, 2019				**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.

** These investments have been carried at cost as they were not valued by MUFAP as at June 30, 2020.

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

6.3.2 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 sukuk certificates of Javedan Corporation Limited have been valued at discretionary rates of 99.9978 when the reported market rate on MUFAP valuation sheet as at June 30, 2020 were 102.0045.

6.3.3 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, 2020, 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:

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	6.3.4	25,000	25,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	6.3.4	4,922	4,922	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	6.3.5	7,701	7,701	-	-	-
Hascol Peroleum Limited	Non-traded sukuk certificates	6.3.6	86,419	-	86,419	2.21	2.11
Total - June 30, 2020			**124,042**	**37,623**	**86,419**	2.21	2.11
Total - June 30, 2019			**37,623**	**37,623**	**-**	-	-

6.3.4 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, 2020.

6.3.5 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, 2020.

6.3.6 In accordance with the requirements of SECP's Circular No. 7 of 2009, rating of any debt security in the portfolio of Balanced Scheme shall not be lower than A-. Sukuk of Hascol Peroleum Limited has been assigned a credit rating of BBB- by VIS dated April 17, 2020 (2019: AA dated April 24, 2019) making it non-compliant.

6.4 Commercial Papers

Name of the security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemp-tions / maturity during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Total market value of invest-ment
			(Number of certificates)				(Rupees in '000)		---- % ----
Hascol Petroleum Limited CP 3	July 15, 2019	6 months KIBOR plus base rate of 1.50%	300	-	300	-	-	-	-
K-Electric Limited CP 2	September 02, 2019	6 months KIBOR plus base rate of 0.90%	176	-	176	-	-	-	-
K-Electric Limited CP 3	March 19, 2020	6 months KIBOR plus base rate of 1.30%	-	160	160	-	-	-	-
							-	**-**	

6.5 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

	2020	2019
	---- Rupees in '000'----	
Market value of investments	3,266,840	4,945,739
Carrying value of investments	3,216,227	5,820,366
	50,613	(874,627)

		Note	2020	2019
			---- Rupees in '000'----	
7	**ADVANCES, DEPOSITS AND OTHER RECEIVABLES**			
	Security deposits		2,800	2,800
	Profit receivable on balances with banks		8,205	16,753
	Profit receivable on sukuk certificates		28,015	52,384
	Advance tax	7.1	1,573	1,573
			40,593	73,510

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 by the withholdee. The tax withheld on dividends and profit on debt amounts to Rs 1.573 million (2019: Rs 1.573 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, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

		Note	2020	2019
			(Rupees in '000)	
8	**PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED- MANAGEMENT COMPANY**			
	Management fee payable	8.1	887	9,227
	Sindh Sales Tax on management fee payable	8.2	116	1,200
	Sales load payable		206	70
	Sindh Sales Tax on sales load payable		27	9
	Allocated expenses payable	8.3	327	462
	Selling and marketing expenses payable	8.4	3,910	5,802
			5,473	16,770

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2019: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs 11.635 million (2019: Rs 17.837 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 12.719 million (2019: Rs. 18.333 million) has been paid to the Management Company which acts as a collecting agent.

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

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

8.4 The SECP had 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 a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current period, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the management company based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC) - TRUSTEE	Note	2020	2019
		(Rupees in '000)	
Trustee fee payable	9.1	405	544
Sindh Sales Tax payable on trustee fee	9.2	53	71
		458	615

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

Net Assets (Rs.)	Fee
up to Rs 1,000 million	Rs 0.7 million or 0.2% per annum of net assets, whichever is higher.
from Rs 1,000 million and above	Rs 2.0 million plus 0.10% per annum of net assets exceeding Rs 1,000 million.

9.2 During the year, an amount of Rs 0.712 million (2019: Rs 1.022 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 0.679 million (2019: Rs 1.047 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to balanced fund was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020	2019
		(Rupees in '000)	
Withholding tax payable		24,614	629
Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	46,251	38,656
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.3	31,961	31,961
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.3	6,838	6,838
Brokerage expenses payable		2,165	1,578
Charity payable	11.1	4,858	4,351
Shariah advisory fee		218	488
Auditors' remuneration payable		371	369
Zakat payable		156	182
		117,432	85,052

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, 2020, non-shariah compliant income amounting to Rs 3.376 million (2019: Rs 3.404 million) was charged as an expense in the books of the Fund, and Rs. 3.400 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Sindh Institute of Urology & Transplantation	1,000
2	Kiran Foundation	500
3	Karigar Training Institute	300
4	Health Care and Social Welfare Association	200
5	Neurology Research & Patient Welfare Fund	200
6	Health and Nutrition Development Society	200
7	Saylani Welfare Trust	500
8	Jamiyat Punjabi Saudagran-e-Delhi	500
	Total	3,400

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.16 per unit (2019: Re 0.10 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 July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 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 0.14 (2019: Re 0.10) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

13 AUDITORS' REMUNERATION

	2020	2019
	(Rupees in '000)	
Annual audit fee	323	309
Half yearly review of condensed interim financial statements	120	110
Fee for other certifications	100	100
Out of pocket expenses	7	21
	550	540

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 3.28% (2019: 3.02%) which includes 0.48% (2019: 0.37%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Balanced Scheme.

15 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

16.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan 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.

16.2 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.

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

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

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

Balances	2020	2019
	----------Rupees in '000'----------	
Al Meezan Investment Management Limited (Management Company)		
Management fee payable	887	9,227
Sindh Sales Tax on management fee payable	116	1,200
Sales load payable	206	70
Sindh Sales Tax on sales load payable	27	9
Allocated expenses payable	327	462
Selling and marketing expenses payable	3,910	5,802
Outstanding 947,787 (2019: 900,638) units - at net asset value	12,998	12,123
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Trustee fee payable	405	544
Sindh Sales Tax payable on trustee fee	53	71
Security deposits	300	300
Meezan Bank Limited (MBL)		
Balances with banks	28,381	26,870
Sales load payable	67	0.838
Sindh Sales Tax on sales load payable	9	0.109
Shariah advisory fee payable	218	488
Investment of 18,886,746 units (2019: 18,886,746 units)	259,005	254,231
Investment in 80 sukuk certificates (2019: 200 sukuk certificates)	82,000	199,995
Investment in 933,885 shares (2019: 1,212,885 shares)	64,298	105,715
Al Meezan Investment Management Limited - Employees Gratuity Fund		
Outstanding 473,186 units (2019: 445,734) units	6,489	6,000
Directors and Executives of the Management Company		
Outstanding 6,601,536 units (2019: 6,395,216 units)	90,531	86,085

Transactions during the year	2020	2019
	----------Rupees in '000'----------	
Al Meezan Investment Management Limited (Management Company)		
Remuneration of Management Company	89,498	137,204
Sindh Sales Tax on remuneration of the Management Company	11,635	17,837
Allocated expenses	4,475	6,860
Selling and marketing expenses	17,900	21,814
Units issued: 47,149 (2019: nil)	761	-
Cash Dividend for the year	761	-
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Remuneration of the Trustee	5,475	7,860
Sindh Sales Tax on remuneration of the Trustee	712	1,022
CDS charges	110	136

	2020	2019
	----------Rupees in '000'----------	
Meezan Bank Limited (MBL)		
Profit on balances with banks	4,562	573
Profit on sukuk certificates	19,964	18,462
Dividend income	4,506	2,587
Shariah advisor fee	286	838
Sale of 120 sukuk certificates (2019: nil)	119,780	-
Purchase of 300,000 shares (2019: 1,537,500 shares)	18,000	135,677
Bonus Shares: nil (2019: 107,566 shares)	-	-
Sale of 579,000 shares (2019: 432,500 shares)	42,685	39,183
Cash Dividend for the year	15,952	-
Al Meezan Investment Management Limited - Employees Gratuity Fund		
Units issued: 27,452 (2019: nil)	376	-
Cash Dividend for the year	376	-
Directors and Executives of the Management Company		
Units issued: 379,757 (2019: 312,329 units)	6,033	4,480
Units redeemed: 173,437 (2019: 194,683 units)	2,326	2,758
Cash Dividend for the year	5,298	-

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	Total
		Rupees in '000'	
Financial assets			
Balances with banks	785,606	-	785,606
Investments	-	3,266,840	3,266,840
Receivable against conversion of units	4,245	-	4,245
Dividend receivable	605	-	605
Receivable against sale of investments	4,364	-	4,364
Advances, deposits and other receivables	39,020	-	39,020
	833,840	3,266,840	4,100,680

	2020		
	At fair value through profit or loss	At amortised cost	Total
		Rupees in '000'	
Financial liabilities			
Payable to Al Meezan investment Management Limited - Management Company	-	5,473	5,473
Payable to the Central Depository Company - Trustee	-	458	458
Payable to Meezan Bank Limited	-	76	76
Payable against purchase of investments	-	4,740	4,740
Payable against redemption and conversion of units	-	4,614	4,614
Dividend payable	-	52,994	52,994
Accrued expenses and other liabilities	-	7,612	7,612
	-	75,967	75,967

	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
	520,784	4,945,739	5,466,523

	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
Payable against purchase of investments	-	-	-
Dividend payable	-	7,490	7,490
Accrued expenses and other liabilities	-	6,786	6,786
	-	33,909	33,909

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

18.1 Market risk

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

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

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

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2020, 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 and sukuk certificates 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.21.469 million (2019: Rs. 18.482 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, the Fund holds no financial asset which exposes 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. nil (2019: Rs. 4.713 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 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, 2020 can be determined as follows:

	2020					
		Exposed to yield / profit rate risk				
	Effective profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Total
		Rupees in '000'				
Financial assets						
Balances with banks	1.50% - 7.50%	777,690	-	-	7,916	785,606
Investments	Weighted Average 6 months T-Bills & KIBOR + 0.5% to KIBOR +1.75%	944,714	424,483	-	1,897,643	3,266,840
Receivable against conversion of units		-	-	-	4,245	4,245
Dividend receivable		-	-	-	605	605
Receivable against sale of investments		-	-	-	4,364	4,364
Advances, deposits and other receivables		-	-	-	39,020	39,020
		1,722,404	**424,483**	**-**	**1,953,793**	**4,100,680**
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	5,473	5,473
Payable to the Central Depository Company - Trustee		-	-	-	458	458
Payable to Meezan Bank Limited (MBL)		-	-	-	76	76
Payable against redemption and conversion of units		-	-	-	4,740	4,740
Payable against purchase of investments		-	-	-	4,614	4,614
Dividend payable		-	-	-	52,994	52,994
Accrued expenses and other liabilities		-	-	-	7,612	7,612
		-	**-**	**-**	**75,967**	**75,967**
On-balance sheet gap (a)		**1,722,404**	**424,483**	**-**	**1,877,826**	**4,024,713**
Off-balance sheet financial instruments		**-**	**-**	**-**	**-**	**-**
Off-balance sheet gap (b)		**-**	**-**	**-**	**-**	**-**
Total profit rate sensitivity gap (a+b)		**1,722,404**	**424,483**	**-**		
Cumulative profit rate sensitivity gap		**1,722,404**	**2,146,887**	**2,146,887**		

		2019				
		Exposed to yield / profit rate risk				
	Effective profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Total
		Rupees in '000'				
Financial assets						
Balances with banks	3.20% to 12.50%	339,909	-	-	17,651	357,560
Investments	KIBOR + 0.5% to KIBOR +1.75%	1,528,917	450,645	-	2,966,177	4,945,739
Receivable against conversion of units		-	-	-	673	673
Receivable against sale of investments		-	-	-	75,910	75,910
Dividend receivable		-	-	-	14,704	14,704
Advances, deposits and other receivables		-	-	-	71,937	71,937
		1,868,826	**450,645**	**-**	**3,147,052**	**5,466,523**
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	16,770	16,770
Payable to the Central Depository Company - Trustee		-	-	-	615	615
Payable to Meezan Bank Limited (MBL)		-	-	-	1	1
Payable against redemptions 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**		

(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 '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 subject to 10% of the issued capital of the investee company and sector exposure limit to 35% of the net assets or index weight, which ever is higher, subject to maximum of 40%.

In case of 1% increase / decrease in KMI 30 index on June 30, 2020, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 18.976 million (2019: Rs. 29.662 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that 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, 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 Index.

18.2 Liquidity risk

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

The Fund is exposed to daily 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:

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000'						
Financial assets							
Balances with banks	785,606	-	-	-	-	-	785,606
Investments	-	-	-	841,889	527,308	1,897,643	3,266,840
Receivable against conversion of units	4,245	-	-	-	-	-	4,245
Dividend receivable	605	-	-	-	-	-	605
Receivable against sale of investments	4,364	-	-	-	-	-	4,364
Advances, deposits and other receivables	24,291	6,468	5,461	-	-	2,800	39,020
	819,111	**6,468**	**5,461**	**841,889**	**527,308**	**1,900,443**	**4,100,680**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	5,473	-	-	-	-	-	5,473
Payable to Central Depository Company Limited - Trustee	458	-	-	-	-	-	458
Payable to Meezan Bank Limited	76	-	-	-	-	-	76
Payable against purchase of investments	4,740	-	-	-	-	-	4,740
Payable against redemption and conversion of units	4,614	-	-	-	-	-	4,614
Dividend payable	52,994	-	-	-	-	-	52,994
Accrued expenses and other liabilities	2,165	5,447	-	-	-	-	7,612
	70,520	**5,447**	**-**	**-**	**-**	**-**	**75,967**
Net assets / (liabilities)	**748,591**	**1,021**	**5,461**	**841,889**	**527,308**	**1,900,443**	**4,024,713**

	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	2,966,177	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**	**5,466,523**
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**

18.3 Credit risk

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

	2020		2019	
	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	785,606	785,606	357,560	357,560
Investments	3,266,840	1,037,402	4,945,739	1,979,562
Receivable against conversion of units	4,245	4,245	673	673
Dividend receivable	605	605	14,704	14,704
Receivable against sale of investments	4,364	4,364	75,910	75,910
Advances, deposits and other receivables	39,020	39,020	71,937	71,937
	4,100,680	**1,871,242**	**5,466,523**	**2,500,346**

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets. Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investment in government securities of Rs.331.795 million (2019: nil) are not exposed to credit risk as these are guaranteed by Government of Pakistan, and investment in equity securities of Rs. 1,897.643 million (2019: Rs. 2,966.177 million) are also not exposed to credit risk.

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

18.3.2 Credit quality of financial assets

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

	% of financial assets exposed to credit risk	
	2020	2019
AAA	5.67	0.06
AA+	7.56	10.66
AA	0.59	58.24
A+	86.18	17.06
A	-	13.98
	100.00	100.00

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

18.3.3 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).

19 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	Rupees in '000'		
Shares of listed companies - 'ordinary shares'	1,897,643	-	-
Sukuk certificates	-	1,369,197	-
	1,897,643	**1,369,197**	**-**

	2019		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	Rupees in '000'		
Shares of listed companies - 'ordinary shares'	2,966,177	-	-
Sukuk certificates	-	1,508,261	-
Commercial papers*	-	471,301	-
	2,966,177	**1,979,562**	**-**

* 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.

20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21 UNIT HOLDING PATTERN OF THE FUND

	2020			2019		
Category	**Number of unit holders**	**Investment amount (Rupees in '000')**	**Percentage of total**	**Number of unit holders**	**Investment amount (Rupees in '000')**	**Percentage of total**
Individuals	4,466	1,899,260	48.51	5,277	2,484,061	46.43
Associated Companies / Directors	3	361,369	9.23	5	357,090	6.67
Insurance Companies	2	8,784	0.22	3	13,633	0.25
Banks and DFIs	1	20	0.00	1	19	0.00
NBFCs	-	-	0.00	1	322	0.01
Retirement Funds	57	988,466	25.24	76	1,378,137	25.76
Public Limited Companies	1	156,925	4.01	1	146,370	2.74
Others	40	500,737	12.79	62	970,458	18.14
	4,570	**3,915,561**	**100.00%**	**5,426**	**5,350,090**	**100.00%**

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	11%	Topline Securities Limited	11%
Taurus Securities Limited	9%	Aba Ali Habib Securities (Private) Limited	8%
Topline Securities Limited	8%	Vector Capital (Private) Limited	7%
Foundation Securities (Private) Limited	7%	Fortune Securities Limited	6%
Aba Ali Habib Securities (Private) Limited	6%	Paramount Capital Limited	6%
Insight Securities (Private) Limited	5%	Taurus Securities Limited	6%
Next Capital Limited	5%	BMA Capital Management Limited	5%
Intermarket Securities Limited	5%	Arif Habib Securities Limited	5%
AKD Securities Limited	5%	Insight Securities (Private) Limited	4%
Optimus Capital Management (Pvt) Limited	4%	Foundation Securities (Private) Limited	4%

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM /MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Nine 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

24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Designation	Meeting held on				
		August 19, 2019	October 15, 2019	February 10, 2020	April 15, 2020	June 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

25 CORRESPONDING FIGURES

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

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

27 GENERAL

27.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

27.2 Operational Risk Management

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

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

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

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.

- FIRST **AMC** IN PAKISTAN

TO VOLUNTARILY **ADOPT AND IMPLEMENT**
THE ASSET MANAGER **CODE OF PROFESSIONAL CONDUCT**
SET FORTH BY **CFA INSTITUTE**

FUND INFORMATION

MANAGEMENT COMPANY
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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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	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	Dubai Islamic Bank Pakistan Limited

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

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

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER
Meezan 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

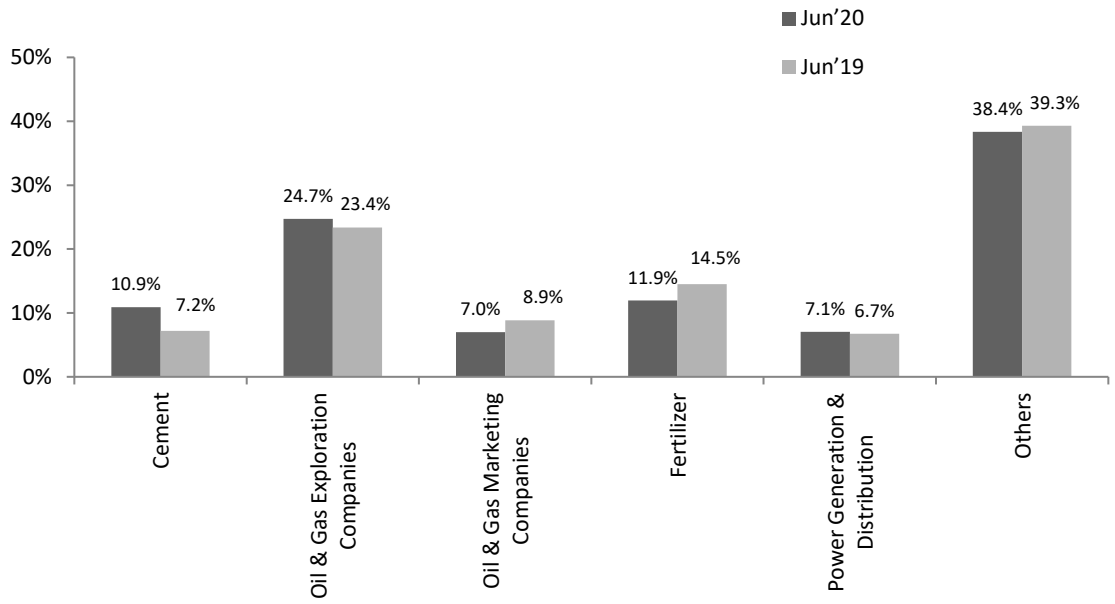
Based on the Fund Manager's outlook on asset classes, the allocation of the portfolio will actively be managed between the Equity asset classes and Fixed Income/Money Market asset classes in line with the macroeconomic view and outlook of such asset classes. For exposure to equities, this fund shall 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.

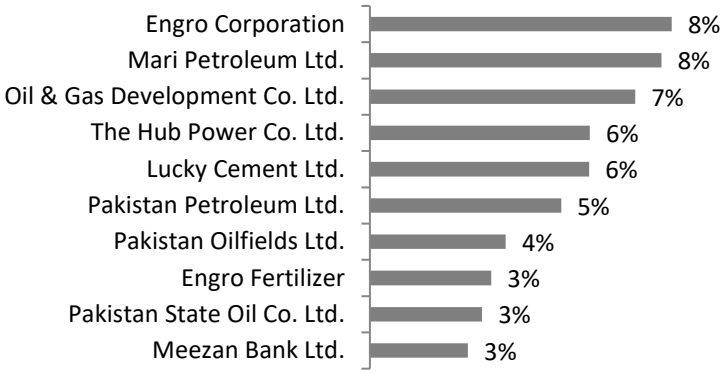
The fund manager looks to earn a higher than average return by actively managing the portfolio between equity and fixed income avenues in line with the movements of the stock market.

Asset Allocation

As on June 30, 2020, the fund's equity exposure was 83.45%, while 16.55% of the Net Assets was invested in bank deposits.



Top Holdings



Performance Review

During the fiscal year 2020, Meezan Asset Allocation Fund provided a positive return of 6.61% to its investors.

	MAAF	Benchmark
Net Asset Value as on June 30, 2019	35.43	
Net Asset Value as on June 30, 2020	36.59	
Return During the Period - Net	6.61%	6.97%
Under performance	-0.36%	

Benchmark: Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation

Meezan Asset Allocation Fund posted a total Income of Rs. 168 million during FY19 as compared to total loss of Rs. 480 million last year. Total Income comprised of realized and unrealized Gain on investments of Rs. 28 million and Rs. 51 million respectively. Dividend income and profit on saving account with banks comprised of Rs. 60 million and 29 million respectively. After accounting for expenses of Rs. 46 million, the fund posted a net Income of Rs. 122 million. The net assets of the Fund as at June 30, 2020 were Rs. 1,339 million as compared to Rs. 1,854 million at the end of last year depicting a decline of 28%.

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, 2020 an amount of Rs. 2 million was accrued as charity payable.

Distributions

Interim distribution for the period ended June 30, 2020 at Rs. 1.18 per unit i.e. 2.36% of the par value of Rs. 50/- each. Total distribution made by the fund was Rs. 42 million.

Breakdown of unit holdings by size:
(As on June 30, 2020)

Range (Units)	No. of Investors
1 - 9,999	1,024
10,000 - 49,999	349
50,000 - 99,999	64
100,000 - 499,999	38
500,000 and above	10
Total	**1,485**

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	2	2	0	0
Percentage		100%	0%	0%

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.

PERFORMANCE TABLE	**2020**	**2019**	**2018**
Net assets (Rs in '000) (ex-distribution)	1,339,302	1,854,011	2,877,164
Net assets value / redemption price per unit as at 30 June (Rs.) (ex-distribution)	36.594	35.433	44.530
Offer price per unit as at June 30 (Rs.) (ex-distribution)	37.835	36.634	46.040
Highest offer price per unit (Rs.)	46.036	47.404	53.390
Lowest offer price per unit (Rs.)	30.176	35.528	42.780
Highest redemption price per unit (Rs.)	44.527	45.849	51.640
Lowest redemption price per unit (Rs.)	29.186	34.364	41.380
Distribution (%)	2.36	N/A	N/A

	2020	2019	2018
Date of distribution	**June 20, 2010**	N/A	N/A
Total return (%)	6.61	-20.04	-12.5

	One Year	Two Year	Three Year
Average annual return (%) as at June 30, 2020	6.6100	- 7.6716	- 9.3100

Meezan Bank
The Premier Islamic Bank

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

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Fourth year of operations of Meezan Asset Allocation Fund (MAAF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity

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

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

i. We have reviewed and approved the modes of investments of MAAF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MAAF as on June 30, 2020 and their evaluation according to the screening criteria established by us. (December 31, 2019 accounts of the Investee companies have been used for the following calculations*):

	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
Company Name	**Nature of Business**	**Debt to Assets (<37%)**	**Non-Compliant Investments (<33%)**	**Non-Compliant Income to Gross Revenue (<5%)**	**Illiquid Assets to Total Assets (>25%)**	**Net Liquid Assets vs. Share Price (B>A)**	
						Net Liquid Assets per Share (A)	**Share Price (B)**
Engro Corporation Ltd.	Fertilizer	28.34%	22.25%	4.72%	58.58%	(220.56	
Mari Petroleum Ltd	Oil & Gas Exploration Companies	7.83%	17.76%	3.13%	30.37%	(664.23)	

Oil & Gas Development Co. Ltd.	Oil & Gas Exploration Companies	0.00%	7.95%	7.74%****	33.64%	90.21	142.32
The Hub Power Company Ltd.***	Power Generation & Distribution Company	32.32%	0.00%	7.32%	53.77%	(43.08)	
Lucky Cement Ltd.	Cement	25.55%	0.71%	2.59%	85.13%	(279.47)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.01%	8.64%	1.59%	31.91%	58.79	137
Pakistan Oilfields Ltd.	Oil & Gas Exploration Companies	0.00%	1.35%	4.09%	44.36%	7.96	446.72

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.
** All interest based debts.
*** Debt is considered excluding circular debt.
**** OGDC is facing circular debt issues. Company is bound to retain interest bearing TFC/Bonds having no permission to sell from government. Due to high interest rate during July-Dec 2019, non-compliant income is high and exceeds 5%. Company had provided written confirmation that its non-compliant income ratio will be less than 5% due to lower interest rates during July-Dec 2020.

ii. On the basis of information provided by the management, all operations of MAAF for the year ended June 30, 2020 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
Shariah Advisor

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN 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, 2020 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 24, 2020

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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, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 1,127.264 million and balances with banks aggregated to Rs 245.253 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, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others 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, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and ▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN ASSET ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
		----------Rupees in 000----------	
Assets			
Balances with banks	5	245,253	421,539
Investments	6	1,127,264	1,448,626
Receivable against conversion of units		3,313	-
Receivable against sale of investments		3,462	-
Dividend receivable		2,711	5,288
Advances, deposits and other receivables	7	6,170	9,794
Preliminary expenses and floatation costs	8	145	326
Total assets		1,388,318	1,885,573
Liabilities			
Payable to Al Meezan Investment Management Limited -Management Company	9	3,404	4,914
Payable to Central Depository Company of Pakistan Limited - Trustee	10	191	533
Payable to the Securities and Exchange Commission of Pakistan	11	311	2,380
Payable to Meezan Bank Limited		36	35
Payable against redemption and conversion of units		13,080	9,113
Payable against purchase of investments		3,294	-
Dividend payable		4,236	-
Accrued expenses and other liabilities	12	24,464	14,587
Total liabilities		49,016	31,562
NET ASSETS		1,339,302	1,854,011
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,339,302	1,854,011
CONTINGENCIES AND COMMITMENTS	13		
NUMBER OF UNITS IN ISSUE		36,598,971	52,324,763
		----------Rupees----------	
NET ASSET VALUE PER UNIT		36.5940	35.4328

The annexed notes from 1 to 30 form an integral part of these financial statements.

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, 2020

	Note	2020	2019
		---------- Rupees in 000 ----------	
Income / (loss)			
Realised gain / (loss) on sale of investments - net		27,779	(201,426)
Dividend income		60,417	97,359
Profit on balances with banks		29,228	39,304
		117,424	(64,763)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	51,030	(415,587)
Total income / (loss)		168,454	(480,350)
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	9.1	23,017	37,579
Sindh Sales Tax on remuneration of the Management Company	9.2	2,992	4,885
Allocated expenses	16	1,534	2,505
Selling and marketing expenses	17	6,138	10,021
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	2,535	3,505
Sindh Sales Tax on remuneration of the Trustee	10.2	330	456
Annual fees to the Securities and Exchange Commission of Pakistan	11	311	2,380
Brokerage expense		3,118	1,398
Auditors' remuneration	14	309	319
Amortisation of preliminary expenses and floatation costs	8	181	181
Printing expenses		-	11
Fee and subscription charges		565	562
Bank and settlement charges		743	552
Provision for Sindh Worker's Welfare Fund		2,499	-
Charity expense	12.1	1,720	1,748
Total expenses		(45,992)	(66,102)
Net income / (loss) for the year before taxation		122,462	(546,452)
Taxation	18	-	-
Net income / (loss) for the year after taxation		122,462	(546,452)
Allocation of net income for the year			
Net income for the year after taxation		122,462	-
Income already paid on units redeemed		(3,089)	-
		119,373	-
Accounting income available for distribution			
- Relating to capital gains		78,809	-
- Excluding capital gains		40,564	-
		119,373	-

The annexed notes from 1 to 30 form an integral part of these financial statements.

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, 2020

	2020	2019
	---------- Rupees in 000----------	
Net income / (loss) for the year after taxation	122,462	(546,452)
Other comprehensive income / (loss) for the year	-	-
Total comprehensive Income / (loss) for the year	122,462	(546,452)

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN ASSET ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	Capital Value	Accumulated losses	Total	Capital Value	Accumulated losses	Total
	---------- Rupees in 000----------			---------- Rupees in 000----------		
Net assets at beginning of the year	2,862,681	(1,008,670)	1,854,011	3,339,382	(462,218)	2,877,164
Issuance of 7,360,281 units (2019: 13,481,636 units)						
- Capital value (at net asset value per unit at the beginning of the year)	260,795	-	260,795	600,339	-	600,339
- Element of income / (loss)	16,347	-	16,347	(29,904)	-	(29,904)
Total proceeds on issuance of units	277,142	-	277,142	570,435	-	570,435
Redemption of 23,086,073 units (2019: 25,768,478 units)						
- Capital value (at net asset value per unit at the beginning of the year)	818,004	-	818,004	1,147,473	-	1,147,473
- Element of loss / (income)	51,205	3,089	54,294	(100,337)	-	(100,337)
Total payments on redemption of units	869,209	3,089	872,298	1,047,136	-	1,047,136
Total comprehensive income / (loss) for the year	-	122,462	122,462	-	(546,452)	(546,452)
Distribution during the year	-	(42,015)	(42,015)	-	-	-
Net Income / (loss) for the year less distribution	-	80,447	80,447	-	(546,452)	(546,452)
Net assets at end of the year	2,270,614	(931,312)	1,339,302	2,862,681	(1,008,670)	1,854,011
Accumulated losses brought forward						
- Realised loss		(593,083)			(109,140)	
- Unrealised loss		(415,587)			(353,078)	
		(1,008,670)			(462,218)	
Accounting income available for distribution						
- Relating to capital gains		78,809			-	
- Excluding capital gains		40,564			-	
		119,373			-	
Net income / (loss) for the year after taxation		119,373			(546,452)	
Distribution during the year		(42,015)			-	
Accumulated losses carried forward		(931,312)			(1,008,670)	
Accumulated losses carried forward						
- Realised loss		(982,342)			(593,083)	
- Unrealised income / (loss)		51,030			(415,587)	
		(931,312)			(1,008,670)	
		(Rupees)			**(Rupees)**	
Net assets value per unit at beginning of the year		35.4328			44.5301	
Net assets value per unit at end of the year		36.5940			35.4328	

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Al-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, 2020

	Note	2020	2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income / (loss) for the year before taxation		122,462	(546,452)
Adjustments for:			
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(51,030)	415,587
Amortisation of preliminary expenses and floatation costs	8	181	181
		71,613	(130,684)
Decrease in assets			
Investments		372,392	568,872
Receivable against sale of investment		(3,462)	-
Dividend receivable		2,577	521
Advances, deposits and other receivables		3,624	(1,760)
		375,130	567,633
Increase / (Decrease) in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(1,510)	(7,759)
Payable to Central Depository Company of Pakistan Limited - Trustee		(342)	193
Payable to the Securities and Exchange Commission of Pakistan		(2,069)	(516)
Payable against purchase of investments		3,294	(2,190)
Payable to Meezan Bank Limited		1	(9)
Dividend payable		4,236	-
Accrued expenses & other liabilities		9,877	321
		13,487	(9,960)
Net cash generated from operating activities		460,230	426,989
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		273,829	580,114
Payment against redemption and conversion of units		(868,330)	(1,039,692)
Dividend paid		(42,015)	-
Net cash used in from financing activities		(636,516)	(459,578)
Net decrease in cash and cash equivalents		(176,286)	(32,589)
Cash and cash equivalents at the beginning of the year		421,539	454,128
Cash and cash equivalents at the end of the year	5	245,253	421,539

The annexed notes from 1 to 30 form an integral part of these financial statements.

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, 2020

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 VIS dated December 31, 2019 (2019: AM1 dated December 29, 2018) and by PACRA dated June 26, 2020. 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.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

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

Amendments	Effective date (accounting periods beginning on or after)
- 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, 2020 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.

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

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

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

4.3.3 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.

4.3.4 Initial recognition and measurement

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

4.3.5 Derecognition

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

4.3.6 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

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

4.12 Expenses

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

4.13 Preliminary expenses and floatation costs

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

4.14 Taxation

Current

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

Deferred

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

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

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

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

4.15 Earnings / (loss) per unit

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

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

4.16 Foreign currency translation

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

5 BALANCES WITH BANKS	Note	2020	2019
		---------- Rupees in 000----------	
Balances with banks in:			
Savings accounts	5.1	241,399	419,654
Current account		3,854	1,885
		245,253	421,539

5.1 Profit and loss sharing accounts of the Fund carries profit rates ranging from 1.5% to 7.50% per annum (2019: 3.32% to 12.35% per annum).

6 INVESTMENTS	Note	2020	2019
		---------- Rupees in 000----------	
Investment at 'fair value through profit or loss'			
Listed equity securities	6.1	1,127,264	1,448,626

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, 2019	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain / (loss) as at June 30, 2020	Percentage in relation to		
									Net assets of the Fund	Paid up capital of investee company (with face value of investment)	Total market value of invest-ments
	Number of shares					(Rupees in '000)			%		
SECTOR											
Automobile Assembler											
Honda Atlas Cars (Pakistan) Limited	1,800	12,400	-	14,100	100	17	19	3	-	-	-
Ghandhara Industries Limited	55,000	-	-	55,000	-	-	-	-	-	-	-
Agriauto Industries Limited	-	40,000	-	-	40,000	8,355	7,280	(1,075)	0.54	0.28	0.65
Indus Motor Company Limited	-	7,960	-	-	7,960	9,512	7,920	(1,592)	0.59	0.01	0.70
Millat Tractors Limited	5,000	2,000	-	5,000	2,000	1,436	1,412	(24)	0.11	-	0.13
									1.24	**0.29**	**1.48**
Chemicals											
Engro Polymer & Chemicals Limited	1,110,761	1,100,000	-	1,664,500	546,261	15,288	13,646	(1,643)	1.02	0.06	1.21
ICI Pakistan Limited	80,650	3,500	-	33,750	50,400	27,230	35,013	7,783	2.61	0.05	3.11
Ittehad Chemical Limited	-	100,000		-	100,000	2,937	2,635	(302)	0.20	0.12	0.23
Sitara Peroxide Limited	-	149,000	-	-	149,000	3,215	3,041	(174)	0.23	0.70	0.27
									4.06	**0.93**	**4.82**
Cement											
Cherat Cement Company Limited	-	240,500	6,500	160,500	86,500	3,404	7,540	4,136	0.56	0.05	0.67
D.G. Khan Cement Company Limited	129,000	375,500	-	352,000	152,500	11,678	13,013	1,335	0.97	0.03	1.15
Fauji Cement Company Limited	-	1,087,000	-	887,500	199,500	3,394	3,368	(26)	0.25	0.01	0.30
Kohat Cement Company Limited	225,000	55,000	-	42,000	238,000	16,084	32,713	16,629	2.44	0.12	2.90
Lucky Cement Limited	304,700	-	-	120,151	184,549	70,215	85,184	14,969	6.36	0.06	7.56
Maple Leaf Cement Factory Limited	11,112	775,595	-	411,000	375,707	9,746	9,761	14	0.73	0.06	0.87
Pioneer Cement Limited	500	-	-	-	500	11	32	20	-	-	-
									11.31	**0.33**	**13.45**
Engineering											
International Industries Limited	107,500	50,100	9,600	99,000	68,200	5,616	6,256	640	0.47	0.06	0.55
International Steels Limited	105,000	675,000	-	655,000	125,000	6,231	6,456	225	0.48	0.03	0.57
Amreli Steels Limited	-	150,000	-	150,000	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	-	125,000	-	125,000	-	-	-	-	-	-	-
									0.95	**0.09**	**1.12**
Fertilizer											
Engro Corporation Limited	609,400	35,700	-	244,640	400,460	108,095	117,303	9,208	8.76	0.07	10.41
Engro Fertilizers Limited	1,745,000	100,000	-	1,063,000	782,000	49,785	47,139	(2,646)	3.52	0.06	4.18
Fatima Fertilizers Limited	-	52,500	-	-	52,500	1,484	1,403	(80)	0.10	-	0.12
									12.38	**0.13**	**14.71**
Food And Personal Care Products											
Frieslandcampins Engro Foods Limited	700	-	-	700	-	-	-	-	-	-	-
Al- Shaheer Corporation Limited	3,750	1,449	-	-	5,199	62	59	(2)	-	-	-
									-	**-**	**-**
Oil And Gas Exploration Companies											
Oil and Gas Development Company Limited	1,319,800	720,000	-	1,094,500	945,300	108,011	103,038	(4,973)	7.69	0.02	9.14
Mari Petroleum Company Limited	60,720	33,500	6,072	8,740	91,552	87,603	113,218	25,615	8.45	0.08	10.04
Pakistan Oilfields Limited	93,950	57,000	-	400	150,550	57,987	52,787	(5,200)	3.94	0.05	4.68
Attock Petroleum Limited	-	25,000	-	-	25,000	7,625	7,630	5	0.57	0.03	0.68
Pakistan Petroleum Limited	1,161,390	629,000	193,238	1,127,200	856,428	88,807	74,321	(14,487)	5.55	0.04	6.59
									26.20	**0.22**	**31.13**

Name of the investee company	As at July 1, 2019	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain / (loss) as at June 30, 2020	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)			%		
Oil And Gas Marketing Companies											
Hascol Petroleum Limited	301,675	4,059,435	-	2,805,500	1,555,610	19,996	21,156	1,160	1.58	0.78	1.88
Hi-Tech Lubricants Limited	-	50,000	-	-	50,000	1,329	1,514	185	0.11	0.04	0.13
Sui Northern Gas Pipelines Limited	1,317,400	-	-	894,000	423,400	29,422	23,118	(6,304)	1.73	0.07	2.05
Pakistan State Oil Company Limited	323,348	275,800	55,829	379,500	275,477	38,473	43,569	5,096	3.25	0.07	3.87
									6.67	**0.96**	**7.93**
Paper and Board											
Cherat Packaging Limited	21,752	-	825	22,577	-	-	-	-	-	-	-
Roshan Packages Limited	-	100,000	-	-	100,000	2,035	2,242	207	0.17	0.07	0.20
Century Paper and Board Mills	-	68,000	-	-	68,000	4,524	4,867	343	0.36	0.05	0.43
Packages Limited	51,350	20,800	-	20,000	52,150	16,516	18,107	1,591	1.35	0.06	1.61
									1.88	**0.18**	**2.24**
Glass & Ceramics											
Tariq Glass Industries Limited	10,000	-	-	10,000	-	-	-	-	**-**	**-**	**-**
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	50	-	-	-	50	24	33	9	-	-	-
AGP Limited	289,000	165,000	-	151,500	302,500	27,449	33,196	5,748	2.48	0.11	2.94
GlaxoSmithKline Consumer Healthcare Pakistan Limited	47,000	7,400	-	22,500	31,900	6,565	8,667	2,102	0.65	0.03	0.77
GlaxoSmithKline Pakistan Limited	-	-	-	-	-	-	-	-	-	-	-
The Searle Company Limited	132,849	48,000	-	85,000	95,849	15,796	19,096	3,300	1.43	0.05	1.69
									4.56	**0.19**	**5.40**
Power Generation And Distribution											
K-Electric Limited (face value Rs. 3.5)	11,955,000	3,000,000	-	10,775,500	4,179,500	16,982	12,580	(4,401)	0.94	0.04	1.12
The Hub Power Company Limited	942,512	1,231,500	-	995,215	1,178,797	86,774	85,463	(1,311)	6.38	0.10	7.58
									7.32	**0.14**	**8.70**
Textile Composite											
Nishat Mills Limited	398,400	25,000	-	282,400	141,000	12,989	10,999	(1,989)	0.82	0.04	0.98
Feroze1888 Mills Limited	131,000	3,500	-	-	134,500	13,541	11,002	(2,539)	0.82	0.04	0.98
Interloop Limited	724,712	-	-	232,000	492,712	21,812	21,640	(172)	1.62	0.06	1.92
									3.26	**0.14**	**3.88**
Commercial Banks											
Meezan Bank Limited (an associate)	528,446	150,000	-	125,000	553,446	45,498	38,105	(7,393)	2.85	0.04	3.38
Bank Islami Pakistan Limited	-	705,000	-	535,000	170,000	1,846	1,285	(561)	0.10	0.02	0.11
									2.95	**0.06**	**3.49**
Technology and Communication											
Pakistan Telecommunication Company Limited	100,000	-	-	100,000	-	-	-	-	-	-	-
Systems Limited	79,200	25,000	-	25,000	79,200	8,027	14,547	6,521	1.09	0.06	1.29
Netsol Technologies Inc	-	35,000	-	35,000	-	-	-	-	-	-	-
Avanceon Limited	147,000	100,000	10,000	147,000	110,000	2,807	3,890	1,082	0.29	0.06	0.36
									1.38	**0.12**	**1.65**
Vanaspati & Allied Industries											
Unity Foods Limited	-	250,000	-	250,000	-	-	-	-	-	-	-
Total as at June 30, 2020						**1,076,234**	**1,127,264**	**51,030**	**84.16**		**100**
Total as at June 30, 2019						**1,864,213**	**1,448,626**	**(415,587)**	**-**		

6.1.1 Investments include 105,000 shares (June 30, 2019: 105,000 shares) of Engro Corporation Limited having market value of Rs 30.76 million as at June 30, 2020 (June 30, 2019: Rs 27.89 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 High Court of Sindh (HCS) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the current year, 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, 2020, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs 1.453 million (June 30, 2019: Rs 1.209 million).

		Note	2020	2019
			-------- Rupees in 000--------	
6.2	**Unrealised appreciation / (diminution) on re-measurement of investments classified as Financial assets at fair value through profit or loss**			
	Market value of investments	6.1	1,127,264	1,448,626
	Carrying value of investments	6.1	(1,076,234)	(1,864,213)
			51,030	(415,587)
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
	Profit receivable on saving accounts with banks		1,100	4,724
	Advance tax	7.1	2,470	2,470
			6,170	9,794

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, during the year ended June 30, 2020, withholding tax on dividend paid to the Fund was 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 withholdee. 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, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

		Note	2020	2019
			---------Rupees in 000---------	
8	**PRELIMINARY EXPENSES AND FLOATATION COSTS**			
	At the beginning of the year		326	507
	Amortisation during the year	8.1	(181)	(181)
	At the end of the year		145	326

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.

		Note	2020	2019
			----------Rupees in 000----------	
9	**PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED-MANAGEMENT COMPANY**			
	Management fee payable	9.1	1,667	2,383
	Sindh Sales Tax on Management fee payable			
	Management Company	9.2	217	310
	Allocated expenses payable	16	111	159
	Sales load payable		86	16
	Sindh Sales Tax Payable on sales load		12	2
	Selling and marketing expenses payable	17	1,311	2,044
			3,404	4,914

9.1 As per regulation 61 of the NBFC Regulations, 2008,the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1.5% (2019:1.5%) per annum of the average net assets of the Fund during the year June 30, 2020 . The remuneration is payable to the Management Company monthly in arrears.

9.2 During the year, an amount of Rs 2.992 million (2019: Rs.4.885 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. 3.085 million (2019: Rs. 5.091 million) has been paid to the Management company which acts as a collecting agent.

		Note	2020	2019
			----------Rupees in 000----------	
10	**PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**			
	Trustee fee payable	10.1	169	472
	Sindh Sales Tax payable on trustee fee	10.2	22	61
			191	533

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

On net assets:

- up to Rs. 1 billion	0.2% 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 0.330 million (2019: Rs.0.456 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.0.369 million (2019: Rs. 0.462 million) was paid to the Trustee which acts as a collecting agent.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity fund was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2020	2019
		----------Rupees in 000----------	
Auditors' remuneration payable		195	195
Brokerage payable		2,416	1,455
Shariah advisor fee payable		266	266
Charity Payable	12.1	2,753	1,933
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		5,373	26
Capital gain tax payable		255	1
Provision for Sindh Workers' Welfare Fund	12.3	12,579	10,080
Zakat payable		-	4
		24,464	14,587

12.1 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, during the year ended June 30, 2020, Shariah non-compliant income amounting to Rs 1.7 million (2019 : Rs 1.7 million) was charged as charity expense and Rs 0.9 million was disbursed to following charitable / welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Patients Aid Foundation	200
2	TAF Foundation	200
3	Trust for Development Studies & Practices	200
4	Milestone Charitable Trust	300
	Total	900

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 0.02 (June 30, 2019: 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, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.34 per unit (2019: Re. 0.19 per unit).

13 CONTINGENCIES AND COMMITMENTS

13.1 There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

14 AUDITORS' REMUNERATION

	2020	2019
	----------Rupees in 000----------	
Annual audit fee	212	212
Half yearly review	81	87
Out of pocket expenses	16	20
	309	319

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 3% which includes 0.42% 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 ALLOCATED EXPENSES

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

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund for the year ended June 30, 2020.

17 SELLING AND MARKETING EXPENSES

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.

During the current year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company, based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

18 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

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

Balances	2020	2019
	----------Rupees '000----------	
Al Meezan Investment Management Company (Management Company)		
Remuneration Payable	1,667	2,383
Sindh Sales Tax on management fee	217	310
Sales load payable	86	16
Sindh Sales Tax on sales load	12	2
Allocated expenses	111	159
Selling and marketing expenses payable	1,311	2,044
Central Depository Company Pakistan Limited (Trustee)		
Trustee fee payable	169	472
Sindh Sales Tax payable on trustee fee	22	61
Deposits	100	100

	2020	2019
	----------Rupees '000----------	
Meezan Bank Limited		
Sales load payable	32	47
Sindh Sales tax on Sales Load Payable	4	6
Bank balance	20,861	6,620
Profit receivable on savings account	52	37
Outstanding 553,446 (2019: 528,446 shares)	38,105	46,059
Directors and their close family members and key management personnel of the Management Company		
Investment of 329,538 units (2019: 30,242 units)	12,059	1,072

Transactions during the year	For the year ended June 30, 2020	2019
	(Rupees in '000)	
Al Meezan Investment Management Company (Management Company)		
Remuneration charged	23,017	37,579
Sindh Sales Tax on remuneration of the Management Company	2,992	4,885
Allocated expenses	1,534	2,505
Selling and marketing expenses	6,138	10,021
Central Depository Company Pakistan Limited (Trustee)		
Remuneration of the Trustee	2,535	3,505
Sindh Sales Tax on remuneration of the Trustee	330	456
Meezan Bank Limited		
Profit on savings account	6,910	1,081
Purchase of 150,000 (2019: 776,410) shares	9,925	68,351
Bonus of nil (2019: 56,036) shares	-	-
Sale 125,000 (2019: 304,410) shares	9,200	27,517
Dividend income	2,139	1,343
Directors and their close family members and key management personnel of the Management Company		
Issue of 956,394 units (2019: 1,214,365 units)	34,134	50,988
Redemption of 657,097 units (2019: 1,186,135 units)	23,725	42,665
Dividend paid	89	-
Refund of capital	287	-

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

20 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost *	At fair value through profit or loss	Total
Financial assets	---------- Rupees '000 ----------		
Balances with banks	245,253	-	245,253
Investments	-	1,127,264	1,127,264
Receivable against conversion of units	3,313	-	3,313
Receivable against sale of investments	3,462	-	3,462
Dividend receivable	2,711	-	2,711
Deposits and other receivables	3,700	-	3,700
	258,439	1,127,264	1,385,703

* The carrying values of assets carried at amortised cost approximate their fair values.

	2020		
	At fair value through profit or loss	At amortised cost	Total
Financial liabilities	Rupees '000		
Payable to Al Meezan Investment Management Company- Management Company	-	3,404	3,404
Payable to Central Depository Company Of Pakistan Limited- Trustee	-	191	191
Payable against redemption and conversion of units	-	13,080	13,080
Payable against purchase of investments	-	3,294	3,294
Payable to Meezan Bank Limited	-	36	36
Dividend Payable	-	4,236	4,236
Accrued expenses and other liabilities	-	5,629	5,629
	-	29,870	29,870
Net Assets / (Liabilties)	**258,439**	**1,097,394**	**1,355,833**

	2019		
	At amortised cost	At fair value through profit or loss	Total
Financial assets	Rupees '000		
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 fair value through profit or loss	At amortised cost	Total
Financial liabilities	Rupees '000		
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
Net Assets / (Liabilties)	**434,151**	**1,430,182**	**1,864,333**

21 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.

21.1 Market risk

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

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

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

(i) 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, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 2.41 million (2019: Rs. 4.20 million).

b) Sensitivity analysis for fixed rate instruments

As at 30 June 2020, 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, 2020 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, 2020 can be determined as follows:

	2020					
		Exposed to yield / profit rate risk				
	Effective Yield / profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / Profit rate risk	Total
		Rupees in 000				
Financial assets						
Balances with banks	1.5% - 7.5%	241,399	-	-	3,854	245,253
Investments		-	-	-	1,127,264	1,127,264
Receivable against conversion of units		-	-	-	3,313	3,313
Dividend receivable		-	-	-	2,711	2,711
Receivable against sale of investments		-	-	-	3,462	3,462
Deposits and other receivables		-	-	-	3,700	3,700
		241,399	-	-	1,144,304	1,385,703
Financial liabilities						
Payable to Al Meezan Asset Management Company - Management Company		-	-	-	3,404	3,404
Payable to Central Depository Company Pakistan Limited - Trustee		-	-	-	191	191
Payable against redemption and conversion of units		-	-	-	13,080	13,080
Payable against purchase of investments		-	-	-	3,294	3,294
Payable to Meezan bank		-	-	-	36	36
Dividend payable		-	-	-	4,236	4,236
Accrued expenses and other liabilities		-	-	-	5,629	5,629
		-	-	-	29,870	29,870
On-balance sheet gap (a)		241,399	-	-	1,114,434	1,355,833
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		241,399	-	-		
Cumulative profit rate sensitivity gap		241,399	241,399	241,399		

	2019					
		Exposed to yield / profit rate risk				
	Effective Yield / profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total
		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
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		419,654	-	-		
Cumulative profit rate sensitivity gap		419,654	419,654	419,654		

(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, 2020, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 11.273 million (2019: Rs. 14.486 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

21.2 Liquidity risk

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

The Fund is exposed to daily 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:

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in 000						
Financial assets							
Balances with banks	245,253	-	-	-	-	-	245,253
Investments	-	-	-	-	-	1,127,264	1,127,264
Receivable against conversion of units	3,313	-	-	-	-	-	3,313
Receivable against sale of investments	3,462						3,462
Dividend receivable	2,711	-	-	-	-	-	2,711
Deposits and other receivables	3,700	-	-	-	-	-	3,700
	258,439	-	-	-	-	1,127,264	1,385,703
Financial liabilities							
Payable to Al Meezan Management Company Limited- Management Company	3,404	-	-	-	-	-	3,404
Payable to Central Depository Company Of Pakistan Limited - Trustee	191	-	-	-	-	-	191
Payable against redemption and conversion of units	13,080	-	-	-	-	-	13,080
Payable against purchase of investments	3,294	-	-	-	-	-	3,294
Accrued expenses and other liabilities	2,416	3,214	-	-	-	-	5,629
Dividend payable	4,236	-	-	-	-	-	4,236
Payable to Meezan bank	36	-	-	-	-	-	36
	26,657	3,214	-	-	-	-	29,870
Net assets / (liabilities)		(3,214)	-	-	-	1,127,264	1,355,833

	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
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 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
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

21.3 Credit risk

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

	2020		2019	
	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	245,253	245,253	421,539	421,539
Investments	1,127,264	-	1,448,626	-
Receivable against conversion of units	3,313	3,313	-	-
Receivable against sale of investments	3,462	3,462		
Dividend receivable	2,711	2,711	5,288	5,288
Deposits and other receivables	3,700	3,700	7,324	7,324
	1,385,703	258,439	1,882,777	434,151

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. 1.127 million (2019: Rs. 1.449 million) is not exposed to credit risk.

21.3.2 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.

	2020	2019
	(Percentage)	
AA+	36.98	4.66
AA	0.19	28.64
A+	62.83	66.70
	100.00%	100.00%

21.3.3 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.

22 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2020 the Fund held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
	(Rupees in 000')		
Financial assets 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	1,127,264	-	-

	2019		
	Level 1	Level 2	Level 3
	(Rupees in 000')		
Financial assets 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	1,448,626	-	-

23 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the 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 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

24 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	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	1,445	757,807	56.58	3,326	980,710	52.90
Insurance Companies	-	-	-	1	5,525	0.30
Private Companies	9	165,828	12.38	13	39,284	2.12
Retirement Funds	25	331,563	24.76	45	487,645	26.30
Public Limited Companies	-	-	-	4	121,656	6.56
Others	6	84,104	6.28	23	219,191	11.82
	1,485	1,339,302	100.00%	3,412	1,854,011	100.00%

25 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Foundation Securities (Private) Limited	14.56%	BMA Capital Management Limited	11.51%
Aba Ali Habib Securities (Private) Limited	8.09%	Top Line Securities (Private) Limited	9.34%
Insight Securities (Private) Limited	7.90%	Foundation Securities (Private) Limited	7.02%
AKD Securities Limited	7.78%	Intermarket Securities Limited	5.80%
Top Line Securities (Private) Limited	7.17%	Taurus Securities Limited	5.37%
Taurus Securities Limited	7.15%	Invest & Finance Securities Limited	5.23%
JS Global Capital Limited	7.15%	AKD Securities Limited	4.90%
Fortune Securities Limited	5.65%	Alfalah Securities (Private) Limited	4.85%
Optimus Capital Management Limited	4.49%	Aba Ali Habib Securities (Private) Limited	4.79%
Ismail Iqbal Securities (Private) Limited	4.34%	Optimus Capital Management Limited	4.34%

26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP/ Head of Research	CFA / MBA (in progress)	Nine years

26.1 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

27 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Designation	Meeting held on				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	Apr 15, 2020	Jun 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

28 CORRESPONDING FIGURES

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

29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

30 GENERAL

30.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

30.2 Operational Risk Management

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

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

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

For Al-Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

Meezan
Dedicated Equity Fund

Meezan Dedicated Equity Fund (MDEF)

Meezan Dedicated Equity Fund aims to provide Fund of Funds scheme a dedicated platform to seek long term capital appreciation.

LARGEST INDUSTRY CUSTOMER BASE OF OVER

120,000

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 RESOURSE & REMUNERATION COMMITTEE

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

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

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

SHARIAH ADVISER
Meezan Bank Limited

BANKERS TO THE FUND
Al Baraka Islamic Bank B.S.C (E.C)
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited

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

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

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER
Meezan Dedicated Equity Fund

Type of Fund

Open end Shariah Compliant Equity Scheme

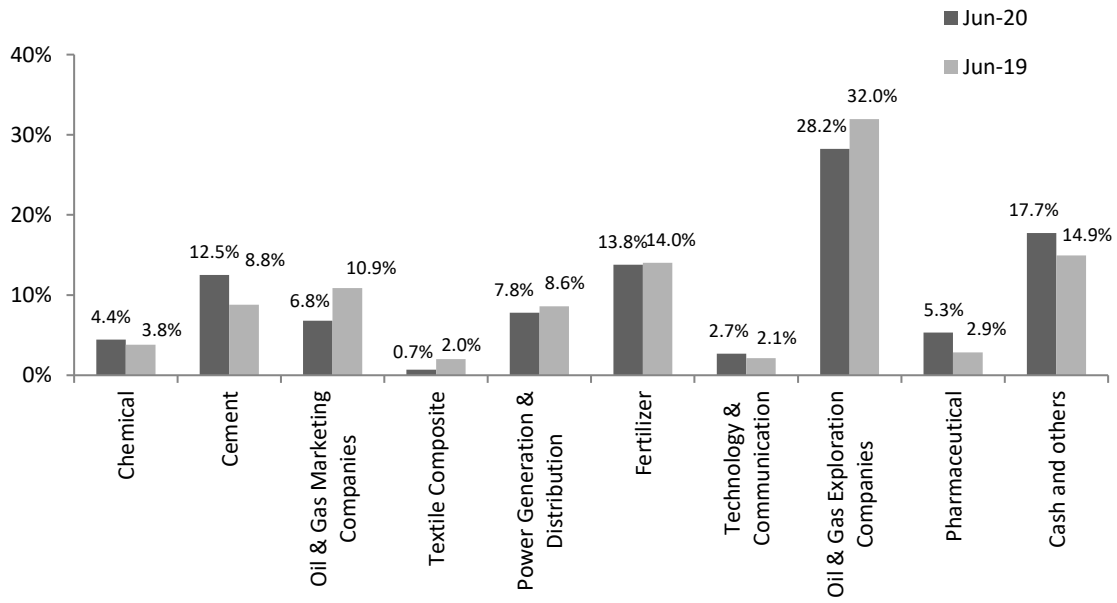
Objective

The investment objective of the fund is to provide Fund of Funds schemes a dedicated equity platform to seek long term capital appreciation.

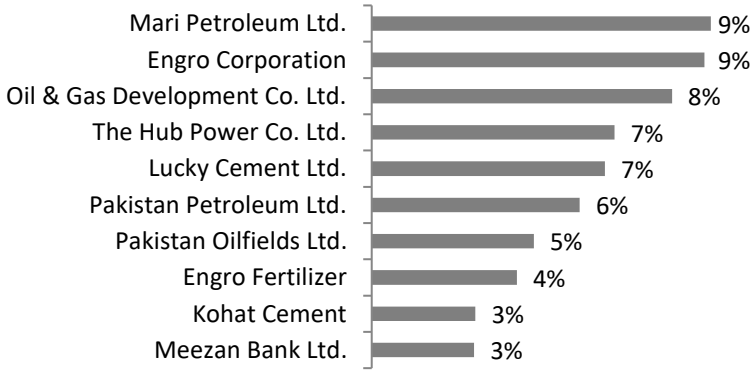
Investment Policy

It primarily invests in Shariah compliant listed equity securities or securities whose listing has been approved by the exchange. In case the fund manager expects the stock market to drop, based on his analysis of macroeconomic factors such as interest rates, economic growth rates, political climate, corporate earnings, stock market valuations, etc., the portfolio may be temporarily allocated to other allowable asset classes, subject to the prescribed limits.

Sector Allocation for the year ended FY19 and FY20



Top Holdings



Performance Review

During fiscal year 2020, Meezan Dedicated Fund (MDEF) provided a negative return of 2.56% to its investors while KSE Meezan Index (KMI 30) appreciated by 1.62% to close at 54,995 pts.

	MDEF	KMI-30
Net Asset Value (NAV) as on June 30, 2019 –Rs.	35.51	54,119
Net Asset Value (NAV) as on June 30, 2020 –Rs.	34.60	54,995
Return During the Period	-2.56%	1.62%

MDEF posted a total loss of Rs. 78 million in FY20. Total loss comprised of realised loss and unrealized gain on investments of Rs. 164 million and Rs. 31 million respectively. Dividend income contributed Rs. 48 million to income while profit on saving accounts with banks amounted to Rs. 8 million. After accounting for expenses of Rs. 38 million, the Fund posted a net loss of Rs. 116 million. The net assets of the Fund as at June 30, 2020 were Rs. 619 million. The net asset value per unit as at June 30, 2020 was Rs. 34.60.

Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the period ended June 30, 2020 an amount of Rs. 1 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the period ended June 30, 2020.

Breakdown of unit holdings by size

(As on June 30, 2020)

Range (Units)	No. of Investors
1 - 9,999	0
10,000 - 49,999	0
50,000 - 99,999	0
100,000 - 499,999	1
500,000 and above	7
Total	**8**

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	3	3	0	0
Percentage		100%	0%	0%

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.

PERFORMANCE TABLE	**2020**	2019	2018
Net assets (Rs in '000) (ex-distribution)	619,015	1,761,074	1,856,832
Net assets value / redemption price per unit as at June 30 (Rs)	34.6044	35.5080	48.5347
Offer price per unit as at June 30 (Rs)	35.7775	36.7120	50.1800
Highest offer price per unit (Rs)	46.2032	51.8269	56.3168
Lowest offer price per unit (Rs)	26.9907	35.8160	47.8900
Highest redemption price per unit (Rs)	44.6883	50.1276	54.4703
Lowest redemption price per unit (Rs)	26.1058	34.6417	46.3193
Distribution (%)	N/A	N/A	N/A
Date of distribution	N/A	N/A	N/A
Total return (%)	- 2.56	- 26.80	- 2.90
Average annual return (%) as at June 30, 2020	- 2.56	- 15.55	- 16.78

Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor –Meezan Dedicated Equity Fund

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Third year of operations of Meezan Dedicated Equity Fund (MDEF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity

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

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

i. We have reviewed and approved the modes of investments of MDEF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MDEF as on June 30, 2020 and their evaluation according to the screening criteria established by us. (December 31, 2019 accounts of the Investee companies have been used for the following calculations*):

	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
Company Name	**Nature of Business**	**Debt to Assets (<37%)**	**Non-Compliant Investments (<33%)**	**Non-Compliant Income to Gross Revenue (<5%)**	**Illiquid Assets to Total Assets (>25%)**	**Net Liquid Assets vs. Share Price (B>A)**	
						Net Liquid Assets per Share (A)	**Share Price (B)**
Mari Petroleum Ltd.	Oil & Gas Exploration Companies	7.83%	17.76%	3.13%	30.37%	(664.23)	
Engro Corporation Ltd	Fertilizer	28.34%	22.25%	4.72%	58.58%	(220.56)	
Oil & Gas Development Co. Ltd.	Oil & Gas Exploration Companies	0.00%	7.95%	7.74%****	33.64%	90.21	142.32

The Hub Power Co. Ltd.***	Power Generation & Distribution Company	32.34%	0.00%	7.32%	53.77%	(43.08)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.01%	8.64%	1.59%	31.91%	58.79	137
Pakistan Oilfields Ltd.	Oil & Gas Exploration Companies	0.00%	1.35%	4.09%	44.36%	7.96	446.72
Engro Fertilizer Ltd.	Fertilizer	26.23%	4.34%	1.34%	69.88%	(34.07)	
Kohat Cement Ltd.	Cement	22.30%	0.70%	0.07%	94.14%	(54.09)	

* 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.
**** OGDC is facing circular debt issues. Company is bound to retain interest bearing TFC/Bonds having no permission to sell from government. Due to high interest rate during July-Dec 2019, non-compliant income is high and exceeds 5%. Company had provided written confirmation that its non-compliant income ratio will be less than 5% due to lower interest rates during July-Dec 2020.

ii. On the basis of information provided by the management, all operations of MDEF for the year ended June 30, 2020 have been in compliance with the *Shari'ah* principles.

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

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

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

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN DEDICATED EQUITY FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Dedicated Equity Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Dedicated Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Dedicated Equity Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer note 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 595.501 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: ▪ Tested the design and operating effectiveness of the key controls for valuation of investments; ▪ Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2020 and traced it with the books and records of the Fund; and ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN DEDICATED EQUITY FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
		-------Rupees in '000'-------	
Assets			
Balances with banks	5	22,127	110,688
Investments	6	595,501	1,658,927
Dividend receivable		178	1,120
Receivable against sale of investment		5,113	-
Advances, deposits and other receivables	7	3,929	1,886
Total assets		626,848	1,772,621
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	1,818	5,286
Payable to Central Depository Company of Pakistan Limited - Trustee	9	117	263
Payable to the Securities and Exchange Commission of Pakistan	10	209	1,864
Payable against purchase of investments		2,616	-
Payable against redemption and conversion of units		36	1,500
Accrued expenses and other liabilities	11	3,037	2,634
Total liabilities		7,833	11,547
NET ASSETS		619,015	1,761,074
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		619,015	1,761,074
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		17,888,339	49,596,421
NET ASSET VALUE PER UNIT		34.6044	35.5081

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

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN DEDICATED EQUITY FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		-------Rupees in '000'-------	
Income			
Profit on balances with banks		7,587	8,115
Dividend income		47,750	79,935
Realised loss on sale of investments - net		(164,323)	(289,217)
Other Income		500	-
		(108,486)	(201,167)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	6.2	30,683	(338,750)
Total loss		(77,803)	(539,917)
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	20,568	39,234
Sindh Sales Tax on remuneration of the Management Company	8.2	2,674	5,100
Allocated expenses	15	1,028	1,962
Selling and marketing expenses	16	4,114	7,847
Remuneration of Central Depository Company of Pakistan Limited- Trustee	9.1	1,817	2,962
Sindh Sales Tax on remuneration of the Trustee	9.2	236	385
Annual fees to the Securities and Exchange Commission of Pakistan	10	209	1,864
Brokerage expense		4,526	4,284
Auditors' remuneration	13	386	235
Charity expense	11.1	1,350	1,529
Printing expense		10	40
Fee and subscription		570	560
Bank and settlement charges		511	435
Total expenses		37,999	66,437
Net loss for the year before taxation		(115,802)	(606,354)
Taxation	17	-	-
Net loss for the year after taxation		(115,802)	(606,354)
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.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN DEDICATED EQUITY FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		-------Rupees in '000'-------	
Net loss for the year after taxation		(115,802)	(606,354)
Other comprehensive income / (loss) for the year		-	-
Total comprehensive loss for the year		(115,802)	(606,354)

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

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN DEDICATED EQUITY FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	Capital Value	Accumulated losses	Total	Capital Value	Accumulated losses	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	2,436,503	(675,429)	1,761,074	1,925,907	(69,075)	1,856,832
Issue of 51,715,292 units (2019: 97,417,209 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,836,312	-	1,836,312	4,728,115	-	4,728,115
- Element of loss	(2,447)	-	(2,447)	(438,627)	-	(438,627)
Total proceeds on issuance of units	1,833,865	-	1,833,865	4,289,488	-	4,289,488
Redemption of 83,423,374 units (2019: 86,078,605 units)						
- Capital value (at net asset value per unit at the beginning of the year)	2,962,206	-	2,962,206	4,177,799	-	4,177,799
- Element of income	(102,084)	-	(102,084)	(398,907)	-	(398,907)
Total payments on redemption of units	2,860,122	-	2,860,122	3,778,892	-	3,778,892
Total comprehensive loss for the year	-	(115,802)	(115,802)	-	(606,354)	(606,354)
Distribution during the year	-	-	-	-	-	-
Net loss for the year less distribution	-	(115,802)	(115,802)	-	(606,354)	(606,354)
Net assets at the end of the year	1,410,246	(791,231)	619,015	2,436,503	(675,429)	1,761,074
Accumulated losses brought forward						
- Realised (loss) / income		(336,679)			14,740	
- Unrealised loss		(338,750)			(83,815)	
		(675,429)			(69,075)	
Accounting income available for distribution		-			-	
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
Net loss for the year after taxation		(115,802)			(606,354)	
Distribution during the year		-			-	
Accumulated losses carried forward		(791,231)			(675,429)	
Accumulated losses carried forward						
- Realised loss		(821,914)			(336,679)	
- Unrealised gain / (loss)		30,683			(338,750)	
		(791,231)			(675,429)	
		(Rupees)			**(Rupees)**	
Net assets value per unit at the beginning of the year		35.5081			48.5347	
Net assets value per unit at the end of the year		34.6044			35.5081	

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN DEDICATED EQUITY FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		-------Rupees in '000'-------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year before taxation		(115,802)	(606,354)
Adjustments for			
Net unrealised (appreciation) / diminution on re-measurement of investments classified assets at 'fair value through profit or loss'	6.2	(30,683)	338,750
		(146,485)	(267,604)
Decrease / (Increase) in assets			
Investments		1,094,109	(256,070)
Dividend receivable		942	983
Receivable against sale of investment		(5,113)	-
Advances, deposits and other receivables		(2,043)	775
		1,087,895	(254,312)
(Decrease) in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(3,468)	(2,033)
Payable to Central Depository Company of Pakistan Limited - Trustee		(146)	(6)
Payable to the Securities and Exchange Commission of Pakistan		(1,655)	942
Payable against purchase of investments		2,616	(2,530)
Accrued expenses and other liabilities		403	1,635
		(2,250)	(1,992)
Net cash generated from / (used in) operating activities		939,160	(523,908)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance of units and conversion of units		1,833,865	4,289,488
Payment against redemption of units and conversion of units		(2,861,586)	(3,777,392)
Net cash (used in) / generated from financing activities		(1,027,721)	512,096
Net decrease in cash and cash equivalents during the year		(88,561)	(11,812)
Cash and cash equivalents at the beginning of the year		110,688	122,500
Cash and cash equivalents at the end of the year	5	22,127	110,688

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

For Al-Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Dedicated Equity Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on October 9, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

1.2 The Fund has been formed to enable the unitholders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.3 The Fund is an open-end Shariah Compliant Equity Scheme. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

1.4 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

1.5 The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 29, 2018) and by PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of repealed Companies Ordinance,1984; and

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

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

Amendments	Effective date (accounting periods beginning on or after)
- 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, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

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

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

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

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

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

4.3.3 Regular way contracts

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

4.3.4 Initial recognition and measurement

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

4.3.5 Derecognition

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

4.3.6 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement currently, on the date when the transaction takes place.

- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.

- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend.

- Profit on saving accounts with bank is recognised on a time proportion basis using the effective yield method.

4.12 Expenses

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

4.13 Taxation

Current

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

Deferred

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

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

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

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

4.14 Earnings / (loss) per unit

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

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

4.15 Foreign currency translation

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

5 BALANCES WITH BANKS	Note	2020 (Rupees in '000)	2019
Balances with banks in:			
Savings accounts	5.1	18,385	109,870
Current accounts		3,742	818
		22,127	110,688

5.1 The balances in saving accounts have expected profit rates ranging from 1.50% to 7.50% per annum (2019: 3.32% to 12.35% per annum).

6 INVESTMENTS	Note	2020 (Rupees in '000)	2019
Investment at 'fair value through profit or loss'			
Listed equity securities	6.1	595,501	1,658,927

6.1 Investment at fair value through profit or loss - Listed equity securities

All shares have a nominal value of Rs. 10 each except for the shares of K-Electric Limited and Agriauto Industries Limited which have a nominal value of Rs. 3.50 and Rs. 5 each respectively.

Name of the investee company	As at July 1, 2019	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2020	Carrying value As at June 30, 2020	Market value as at June 30, 2020	Unrealised gain / (loss) as at June 30, 2020	Percentage in relation to		
									Net Assets of the fund	Paid-up capital of investee company (with face value of investment)	Total market value of invest-ments
	Number of shares					(Rupees in '000)			%		
Sectors / companies											
Automobile Assembler											
Ghandhara Industries Limited	19,300	-	-	19,300	-	-	-	-	-	-	-
Ghandhara Nissan Limited	158	-	-	158	-	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	300	16,400	-	6,600	10,100	1,717	1,956	239	0.32	0.01	0.33
Indus Motor Company Limited	-	11,560	-	6,820	4,740	5,723	4,716	(1,007)	0.76	0.01	0.79
Millat Tractors Limited	800	14,000	-	12,800	2,000	1,365	1,412	47	0.23	-	0.24
									1.31	0.02	1.36
Automobile Parts & Accessories											
Agriauto Industries Limited (Note 6.1.1)	-	40,000	-	20,000	20,000	4,166	3,640	(526)	0.59	0.14	0.61
									0.59	0.14	0.61
Commercial Bank											
BankIslami Pakistan Limited	-	665,000	-	585,010	79,990	904	605	(299)	0.10	0.01	0.10
Meezan Bank Limited (an associate)	575,505	15,000	-	329,500	261,005	22,848	17,970	(4,878)	2.90	0.02	3.02
									3.00	0.03	3.12
Cement											
Attock Cement Pakistan Limited	15,200	-	-	-	15,200	1,085	1,894	809	0.31	0.01	0.32
Cherat Cement Company Limited	-	310,000	6,500	271,500	45,000	3,261	3,923	662	0.63	0.02	0.66
D.G. Khan Cement Company Limited	206,100	409,000	-	534,100	81,000	6,489	6,912	423	1.12	0.02	1.16
Fauji Cement Company Limited	-	1,015,000	-	823,500	191,500	3,303	3,233	(70)	0.52	0.01	0.54
Kohat Cement Company Limited	274,370	87,000	-	229,000	132,370	9,938	18,194	8,256	2.94	0.07	3.06
Lucky Cement Limited	313,650	180,000	-	405,000	88,650	35,867	40,918	5,051	6.61	0.03	6.87
Maple Leaf Cement Factory Limited	400,000	752,500	-	1,022,500	130,000	3,417	3,377	(40)	0.55	0.01	0.57
									12.68	0.17	13.18
Chemical											
Engro Polymer & Chemicals Limited	1,324,644	1,336,000	-	2,398,000	262,644	7,506	6,561	(945)	1.06	0.03	1.10
ICI Pakistan Limited	51,100	5,000	-	30,800	25,300	13,806	17,576	3,770	2.84	0.03	2.95
Ittehad Chemical Limited	-	50,000		-	50,000	1,464	1,318	(146)	0.21	0.06	0.22
Lotte Chemical Pakistan Limited	294,000	1,436,500	-	1,619,000	111,500	1,201	1,109	(92)	0.18	0.01	0.19
Sitara Peroxide Limited	-	65,000	-	-	65,000	1,402	1,327	(75)	0.21	0.12	0.22
									4.50	0.25	4.68
Engineering											
Amreli Steels Limited	-	150,000	-	150,000	-	-	-	-	-	-	-
International Industries Limited	38,800	130,700	-	118,800	50,700	5,050	4,651	(399)	0.75	0.04	0.78
International Steels Limited	255,000	517,000	-	652,000	120,000	5,738	6,198	460	1.00	0.03	1.04
Mughal Iron & Steel Industries Limited	-	154,500	-	125,000	29,500	1,032	1,176	144	0.19	0.01	0.20
									1.94	0.08	2.02
Fertilizer											
Engro Corporation Limited	606,830	271,396	-	678,900	199,326	56,575	58,384	1,809	9.43	0.03	9.80
Engro Fertilizers Limited	1,365,000	823,893	-	1,766,500	422,393	25,074	25,462	388	4.11	0.03	4.28
Fatima Fertlizer Limited	-	57,000	-	-	57,000	1,579	1,524	(55)	0.25	-	0.26
									13.79	0.06	14.34
Investment Banks / Investment Companies / Securities Companies											
Dawood Hercules Corporation Limited	-	16,500	-	8,000	8,500	1,379	1,087	(292)	0.18	-	0.18
									0.18	**-**	**0.18**
Food & Personal Care Product											
At-Tahur Limited	83	-	8	-	91	2	2	-	-	-	-
									-	**-**	**-**
Glass & Ceramics											
Ghani Glass Limited	-	100,000	-	-	100,000	5,198	4,115	(1,083)	0.66	0.02	0.69
Tariq Glass Industries Limited	142,500	-	-	142,500	-	-	-	-	-	-	-
									0.66	0.02	0.69

Name of the investee company	As at July 1, 2019	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2020	Carrying value As at June 30, 2020	Market value as at June 30, 2020	Unrealised gain / (loss) as at June 30, 2020	Percentage in relation to		
									Net Assets of the fund	Paid-up capital of investee company (with face value of investment)	Total market value of invest-ments
	Number of shares					(Rupees in '000)			%		
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	93,360	22,400	6,688	74,340	48,108	48,100	59,493	11,393	9.61	0.04	9.99
Oil & Gas Development Company Limited	1,430,900	541,000	-	1,488,700	483,200	52,218	52,669	451	8.51	0.01	8.84
Pakistan Oilfields Limited	305,560	92,100	-	316,600	81,060	23,058	28,422	5,364	4.59	0.03	4.77
Pakistan Petroleum Limited	1,107,500	909,604	-	1,596,700	420,404	35,293	36,483	1,190	5.89	0.02	6.13
									28.60	0.10	29.73
Oil and Gas Marketing Companies											
Attock Petroleum Limited	35,000	30,000	-	43,800	21,200	6,971	6,470	(501)	1.05	0.02	1.09
Hascol Petroleum Limited	326,230	1,769,218	-	1,704,500	390,948	5,942	5,317	(625)	0.86	0.04	0.89
Hi -Tech Lubricants Limited	-	100,000	-	-	100,000	2,768	3,028	260	0.49	0.09	0.51
Pakistan State Oil Company Limited	438,260	405,500	32,112	774,100	101,772	14,197	16,096	1,899	2.60	0.02	2.70
Sui Northern Gas Pipelines Limited	1,231,100	416,000	-	1,433,500	213,600	14,660	11,663	(2,997)	1.88	0.03	1.96
Sui Southern Gas Company Limited	9,500	-	-	9,500	-	-	-	-	-	-	-
									6.88	0.20	7.15
Paper and Board											
Century Paper Limited	-	45,000	-	-	45,000	2,966	3,221	255	0.52	0.03	0.54
Cherat Packaging Limited	32,100	-	-	32,100	-	-	-	-	-	-	-
Packages Limited	20,350	12,300	-	-	32,650	10,286	11,336	1,050	1.83	0.04	1.89
Roshan Packages Limited	-	50,500	-	-	50,500	1,061	1,132	71	0.18	0.04	0.19
									3	0.11	2.62
Pharmaceuticals											
AGP Limited	233,000	93,000	-	179,000	147,000	13,785	16,132	2,347	2.61	0.05	2.71
Ferozsons labortories Limited	-	10,000	-	10,000	-	-	-	-	-	-	-
Glaxosmithkline Consumer Healthcare Limited	15,000	25,200	-	27,300	12,900	3,250	3,505	255	0.57	0.01	0.59
Highnoon Labortories Limited	-	26,400	-	21,000	5,400	2,626	2,707	81	0.44	0.02	0.45
The Searle Company Limited	218,055	69,200	-	232,200	55,055	9,598	10,969	1,371	1.77	0.03	1.84
									5.39	0.11	5.59
Power Generation and Distribution											
Hub Power Company Limited	1,323,117	341,137	-	1,076,500	587,754	9,004	6,184	(2,820)	1.00	0.02	1.04
K-Electric Limited (note 6.1.1)	10,961,500	400,000	-	9,307,000	2,054,500	46,550	42,612	(3,938)	6.88	0.02	7.16
									7.88	0.04	8.20
Refinery											
Attock Refinery Limited	1,000	-	-	1,000	-	-	-	-	-	-	-
									-	-	-
Technology & Communication											
Avanceon Limited	290,300	247,400	-	390,300	147,400	3,918	5,212	1,294	0.84	0.07	0.88
Netsol Technologies Limited	206,900	164,000	-	370,900	-	-	-	-	-	-	-
Systems Limited	102,500	44,500	-	84,200	62,800	6,559	11,535	4,976	1.86	0.05	1.94
									2.70	0.12	2.82
Textile Composite											
Feroze1888 Mills Limited	236,500	500	-	145,700	91,300	9,209	7,468	(1,741)	1.21	0.02	1.25
Interloop Limited	883,382	-	-	676,000	207,382	9,181	9,108	(73)	1.47	0.02	1.53
Nishat Mills Limited	384,400	300,000	-	628,200	56,200	5,229	4,384	(845)	0.71	0.02	0.74
									3.39	0.06	3.52
Vanaspati & Allied Industries											
Unity Foods limited	287,376	950,000	-	1,137,376	100,000	1,300	1,115	(185)	0.18	0.02	0.19
						-	-		0.18	0.02	0.19
Rights Certificate											
Oil And Gas Marketing Companies											
Hascol Petroleum Limited *	-	-	846,920	846,920	-	-	-	-	-	-	-
Total at at June 30, 2020						**564,818**	**595,501**	**30,683**	**96.20**		**100.00**
Total at at June 30, 2019						**1,997,677**	**1,658,927**	**(338,750)**	**94.18**		

* The right certificates were exercised during the year and the shares are included in the investment in Hascol Petroleum Limited above.

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

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the current year, 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, 2020, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.257 million (2019: Rs. 0.23 million).

		Note	2020	2019
			(Rupees in '000)	
6.2	**Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss**			
	Market value of investments	6.1	595,501	1,658,927
	Carrying value of investments	6.1	564,818	1,997,677
			30,683	(338,750)
7	**ADVANCES, DEPOSITS AND OTHER RECEIVABLES**			
	Profit receivable on savings account		30	487
	Advance tax	7.1	1,296	1,296
	Security deposit with Central Depository Company of Pakistan Limited		103	103
	Security deposit with the National Clearing Company of Pakistan Limited		2,500	-
			3,929	1,886

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 withholdee. The tax withheld on dividends as at June 30, 2020 amounts to Rs 1.296 million (June 30, 2019: Rs. 1.296 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, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

		Note	2020	2019
8	**PAYABLE TO AL MEEZAN MANAGEMENT LIMITED - MANAGEMENT COMPANY**		**(Rupees in '000)**	
	Management fee payable	8.1	1,024	3,013
	Sindh Sales Tax on Management fee payable	8.2	133	392
	Allocated expenses payable	15	58	158
	Selling and marketing expenses payable	16	603	1,723
			1,818	5,286

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% per annum of the average net assets of the Fund during the year June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs. 2.674 million (2019: Rs 5.100 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs 2.933 million (2019: Rs. 5.115 million) has been paid to the Management Company which acts as a collecting agent.

		Note	2020	2019
9	**PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**		**(Rupees in '000)**	
	Trustee fee payable	9.1	104	233
	Sindh Sales Tax payable on trustee fee	9.2	13	30
			117	263

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

On net assets:	
- up to Rs. 1 billion	Rs 0.7 million or 0.2% per annum of net assets, whichever is higher.
- over Rs. 1 billion	Rs 2 million plus 0.1% per annum of net assets exceeding Rs 1 billion

9.2 During the year, an amount of Rs 0.236 million (2019: Rs. 0.385 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.0.253 million (2019: Rs. 0.386 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 is required to pay annual fee to the Securities and Exchange Commission of Pakistan.

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

		Note	2020	2019
11	**ACCRUED EXPENSES AND OTHER LIABILITIES**		(Rupees in '000)	
	Auditors' remuneration payable		250	150
	Printing charges payable		69	60
	Shariah advisor fee payable		269	263
	Charity payable	11.1	1,467	1,516
	Brokerage payable		982	640
	Withholding tax payable		-	5
			3,037	2,634

11.1 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. 1.467 million (June 30, 2019: Rs. 1.516 million) is outstanding in this regard.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

		2020	2019
13	**AUDITORS' REMUNERATION**	(Rupees in '000)	
	Annual audit fee	329	162
	Half yearly review	54	58
	Out of Pocket expense	3	15
		386	235

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 3.70% (2019: 3.39%) which includes 0.36% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

15 ALLOCATED EXPENSES

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

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

16 SELLING AND MARKETING EXPENSES

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

During the current year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the management company based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

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, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

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

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

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

Balances	2020	2019
	(Rupees in '000)	
Al Meezan Investment Management Company Limited - Management Company		
Remuneration payable	1,024	3,013
Sindh Sales Tax payable on management fee	133	392
Selling and marketing expenses payable	603	1,723
Allocated expense payable	58	158
Meezan Bank Limited		
Balances with bank	10,123	32,482
Profit receivable on saving accounts	12	297
Investments of shares: 261,005 shares (2019: 575,505 shares)	17,970	50,164
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	104	233
Sindh Sales Tax on trustee fee payable	13	30
Security deposit	103	103
Meezan Financial Planning Fund of Funds MAAP I		
Investment of 2,948,758 units (2019: 11,269,149)	102,040	400,146

	2020	2019
	(Rupees in '000)	
Meezan Strategic Allocation Fund MSAP - I		
Investment of 6,022,570 units (2019: 8,724,481 units)	208,407	309,790
Meezan Strategic Allocation Fund MSAP - II		
Investment of 320,475 units (2019: 1,238,827 units)	11,090	43,988
Meezan Strategic Allocation Fund MSAP - III		
Investment of 2,872,358 units (2019: 1,980,130 units)	99,396	70,311
Meezan Strategic Allocation Fund MSAP - IV		
Investment of 2,690,115 units (2019: 1,740,577 units)	93,090	61,805
Meezan Strategic Allocation Fund MSAP - V		
Investment of 1,001,742 units (2019: 978,486 units)	34,665	34,744
Meezan Strategic Allocation Fund MCPP-III		
Investment of nil units (2019: 5,644,620 units)	-	200,430
Meezan Strategic Allocation Fund -II MCPP-IV		
Investment of 1,007,398 units (2019: 10,044,192 units)	34,860	356,650
Meezan Strategic Allocation Fund -II MCPP-V		
Investment of nil units (2019: 3,081,261 units)	-	109,410
Meezan Strategic Allocation Fund-II MCPP-VI		
Investment of nil units (2019: 2,745,310 units)	-	97,481
Meezan Strategic Allocation Fund-II MCPP-VII		
Investment of nil units (2019: 1,477,397 units)	-	52,460
Meezan Strategic Allocation Fund-II MCPP-VIII		
Investment of nil units (2019: 518,566 units)	-	18,413
Meezan Strategic Allocation Fund-III MCPP - IX		
Investment of 1,024,923 units (2019: 153,424 units)	35,467	5,448

Transactions during the year	2020	2019
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration for the year	20,568	39,234
Sindh Sales Tax on management fee for the year	2,674	5,100
Allocated expenses	1,028	1,962
Selling and marketing expense	4,114	7,847
Meezan Bank Limited		
Profit on saving account	5,405	3,204
Shares purchased during the year: 15,000 shares (2019: 1,141,500 shares)	1,508	102,716
Shares sold during the year: 329,500 shares (2019: 607,500 shares)	24,874	56,059
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the year	1,817	2,962
Sindh Sales Tax on trustee fee	236	385
CDS charges	135	170

	2020	2019
	(Rupees in '000)	
Meezan Financial Planning Fund of Funds - MAAP - I		
Units issued: 2,108,051 units (2019: 825,518)	61,000	34,000
Units redeemed: 10,428,442 units (2019: 2,315,618)	353,940	97,691
Meezan Financial Planning Fund of Funds MAAP - IV		
Units redeemed: nil units (2019: 2,136,721)	-	99,023
Meezan Strategic Allocation Fund MSAP - I		
Units issued: 5,251,784 units (2019: 14,365,939)	152,000	669,000
Units redeemed: 7,953,695 units (2019: 9,404,419)	275,200	420,970
Meezan Strategic Allocation Fund MSAP - II		
Units issued: nil units (2019: 195,176)	-	7,000
Units redeemed: 918,352 units (2019: 909,923)	38,300	34,830
Meezan Strategic Allocation Fund MSAP - III		
Units issued: 3,501,696 units (2019:250,940)	113,000	9,000
Units redeemed: 2,609,468 units (2019: 461,212)	93,500	19,170
Meezan Strategic Allocation Fund MSAP - IV		
Units issued: 4,574,900 units (2019: 2,607,475)	150,716	110,000
Units redeemed: 3,625,362 units (2019: 2,846,273)	144,364	122,580
Meezan Strategic Allocation Fund MSAP - V		
Units issued: 792,958 units (2019: 83,647)	27,000	3,000
Units redeemed: 769,702 units (2019: 538,246)	29,650	24,450
Meezan Strategic Allocation Fund MCPP-III		
Units issued: 12,671,266 units (2019:16,203,722)	470,400	715,130
Units redeemed: 18,315,886 units (2019: 13,476,523)	614,406	601,052
Meezan Strategic Allocation Fund -II MCPP-IV		
Units issued: 11,288,176 units (2019: 33,787,207)	437,700	1,484,100
Units redeemed: 20,324,970 units (2019: 30,746,259 units)	686,456	1,368,353
Meezan Strategic Allocation Fund -II MCPP-V		
Units issued: 1,944,565 units (2019: 10,794,498 units)	75,300	472,600
Units redeemed: 5,025,826 units (2019: 9,835,022 units)	172,285	431,268
Meezan Strategic Allocation Fund-II MCPP-VI		
Units issued: 1,458,405 units (2019: 9,942,055 units)	58,200	434,500
Units redeemed: 4,203,715 units (2019: 7,196,745 units)	139,374	305,924
Meezan Strategic Allocation Fund-II MCPP-VII		
Units issued: 1,197,147 units (2019: 5,339,238 units)	47,000	230,900
Units redeemed: 2,674,544 units (2019: 3,861,841 units)	89,075	164,842
Meezan Strategic Allocation Fund-II MCPP-VIII		
Units issued: 2,929,551 units (2019: 2,825,733 units)	103,750	113,000
Units redeemed: 3,448,117 units (2019: 2,307,167 units)	117,124	87,232
Meezan Strategic Allocation Fund-III MCPP - IX		
Units issued: 3,983,797 units (2019: 195,853 units)	137,300	7,250
Units redeemed: 3,112,298 units (2019: 42,429 units)	105,950	1,500

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

	2020		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	22,127	-	22,127
Investments	-	595,501	595,501
Dividend receivable	178	-	178
Receivable against sale of investment	5,113	-	5,113
Advances, deposits and other receivables	2,633	-	2,633
	30,051	595,501	625,552

	2020		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	1,818	1,818
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	117	117
Payable against redemption and conversion of units	-	36	36
Payable against purchase of investments	-	2,616	2,616
Accrued expenses and other liabilities	-	3,037	3,037
	-	7,624	7,624

	2019		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	110,688	-	110,688
Investments	-	1,658,927	1,658,927
Dividend receivable	1,120	-	1,120
Advances, deposits and other receivables	590	-	590
	112,398	1,658,927	1,771,325

	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	-	5,286	5,286
Payable to Central Depository Company of Pakistan Limited - Trustee	-	263	263
Payable against purchase of investments	-	1,500	1,500
Accrued expenses and other liabilities	-	2,629	2,629
	-	9,678	9,678

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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: yield / profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.18 million (2019: Rs. 1.1 million)

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020 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, 2020 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, 2020 can be determined as follows:

	2020					
		Exposed to yield / profit rate risk				
	Effective profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Total
Financial assets						
Balances with banks	1.50% to 7.50%	18,385	-	-	3,742	22,127
Investment		-	-	-	595,501	595,501
Dividend receivable		-	-	-	178	178
Receivable against sale of investment		-	-	-	5,113	5,113
Advances, deposits and other receivables		-	-	-	2,633	2,633
		18,385	-	-	607,167	625,552
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	1,818	1,818
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	117	117
Payable against redemption and conversion of units		-	-	-	36	36
Payable against purchase of investments		-	-	-	2,616	2,616
Accrued expenses and other liabilities		-	-	-	3,037	3,037
		-	-	-	7,624	7,624
On-balance sheet gap (a)		18,385	-	-	599,543	617,928
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		18,385	-	-		
Cumulative profit rate sensitivity gap		18,385	18,385	18,385		

	2019				
	Effective profit rate (%)	Exposed to yield / profit rate risk: Up to three months	Exposed to yield / profit rate risk: More than three months and up to one year	Exposed to yield / profit rate risk: More than one year	Not exposed to yield / profit rate risk	Total
		(Rupees in '000)				
Financial assets						
Balances with banks in:	3.32% to 12.35%	109,870	-	-	818	110,688
Investment		-	-	-	1,658,927	1,658,927
Dividend receivable		-	-	-	1,120	1,120
Advances, deposits and other receivables		-	-	-	590	590
		109,870	-	-	1,661,455	1,771,325
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	5,286	5,286
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	263	263
Payable against purchase of investments		-	-	-	1,500	1,500
Accrued expenses and other liabilities		-	-	-	2,629	2,629
		-	-	-	9,678	9,678
On-balance sheet gap (a)		109,870	-	-	1,651,777	1,761,647
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		109,870	-	-		
Cumulative profit rate sensitivity gap		109,870	109,870	109,870		

(ii) Currency risk

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

(iii) Price risk

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

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

In case of 1% increase / decrease in KMI 30 index on June 30, 2020, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 5.96 million (2019: Rs. 16.589 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI-30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 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:

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	(Rupees in '000)						
Financial assets							
Balances with banks	22,127	-	-	-	-	-	22,127
Investments	-	-	-	-	-	595,501	595,501
Dividend receivable	178	-	-	-	-	-	178
Receivable against sale of investment	5,113	-	-	-	-	-	5,113
Advances, deposits and other receivables	2,633	-	-	-	-	-	2,633
	30,051	-	-	-	-	595,501	625,552
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	1,818	-	-	-	-	-	1,818
Payable to the Central Depository Company of Pakistan Limited - Trustee	117	-	-	-	-	-	117
Payable against redemption and conversion of units	36	-	-	-	-	-	36
Payable against purchase of investments	2,616	-	-	-	-	-	2,616
Accrued expenses and other liabilities	3,037	-	-	-	-	-	3,037
	7,624	-	-	-	-	-	7,624
Net assets / (liabilities)	22,427	-	-	-	-	595,501	617,928

	2019						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	(Rupees in '000)						
Financial assets							
Balances with banks	110,688	-	-	-	-	-	110,688
Investments	-	-	-	-	-	1,658,927	1,658,927
Dividend receivable	1,120	-	-	-	-	-	1,120
Advances, deposits and other receivables	590	-	-	-	-	-	590
	112,398	-	-	-	-	1,658,927	1,771,325
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	5,286	-	-	-	-	-	5,286
Payable to the Central Depository Company of Pakistan Limited - Trustee	263	-	-	-	-	-	263
Payable against purchase of investments	1,500	-	-	-	-	-	1,500
Accrued expenses and other liabilities	2,629	-	-	-	-	-	2,629
	9,678	-	-	-	-	-	9,678
Net assets / (liabilities)	102,720	-	-	-	-	1,658,927	1,761,647

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:

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees in '000		Rupees in '000	
Balances with banks	22,127	22,127	110,688	110,688
Investments	595,501	-	1,658,927	-
Dividend receivable	178	178	1,120	1,120
Receivable against sale of investment	5,113	5,113	-	-
Advances, deposits and other receivables	2,633	2,633	590	590
	625,552	30,051	1,771,325	112,398

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investment in equity securities of Rs. 0.595 million (2019: Rs. 1.659 million) is not exposed to credit risk.

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

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, cheques in hand, dividend receivable and receivable against sale of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2020	2019
AA+	98.81%	95.19%
A+	0.46%	1.09%
AA	0.74%	3.72%

20.3.3 Concentration of credit risk

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

21 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	595,501	-	-

	2019		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	1,658,927	-	-

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

	2020		
Category	Number of unit holders	Investment amount	Percentage of total
		Rupees in '000	%
Associated undertakings	8	619,015	100.00

	2019		
Category	Number of unit holders	Investment amount	Percentage of total
		Rupees in '000	%
Associated undertakings	13	1,761,074	100.00

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	14%	Taurus Securities Limited	9%
Ismail Iqbal Securities (Private) Limited	11%	Optimus Capital Management Limited	8%
Aba ali habib Securities (Private) Limited	8%	Intermarket Securities Limited	7%
Taurus Securities Limited	8%	JS Global Capital Limited	7%
Insight Securities (Private) Limited	7%	Foundation Securities (Private) Limited	7%
Vector Capital Management Limited	6%	BMA Capital Management Limited	6%
Intermarket Securities Limited	5%	Vector Capital Management Limited	6%
Topline Securities (Private) Limited	5%	Arif Habib Limited	6%
AKD Securities Limited	5%	Topline Securities (Private) Limited	5%
Optimus Capital Management Limited	4%	AKD Securities Limited	5%

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP/Head of Research	CFA / MBA (in progress)	Nine years

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

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

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				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	April 15, 2020	Jun 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidw ai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

28 GENERAL

28.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

28.2 Operational Risk Management

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

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

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

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

Meezan
Gold Fund

Meezan Gold Fund (MGF)

Meezan Gold Fund is Pakistan's first Shariah compliant Gold Fund. It invests in gold instruments in the most efficient manner, to provide maximum exposure to prices of Gold in a Shariah compliant (Islamic) manner. This is done by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on the Pakistan Mercantile Index (PMEX).

ONLY **SHARIAH COMPLIANT** GOLD FUND MANAGER

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. ljaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Kamila Khan	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 RESOURSE & REMUNERATION COMMITTEE

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

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

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

SHARIAH ADVISER
Meezan Bank Limited

BANKERS TO THE FUND
Bank Al Habib Limited- Islamic Banking
Dubai Islamic Bank Limited
Faysal Bank Limited
Meezan Bank Limited
Sindh Bank Limited
UBL Ameen - Islamic Banking

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

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

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER
Meezan Gold Fund (MGF)

Type of Fund

Shariah compliant commodity fund that invests in physical gold to earn a return based on the commodity's price fluctuation, based on PMEX prices.

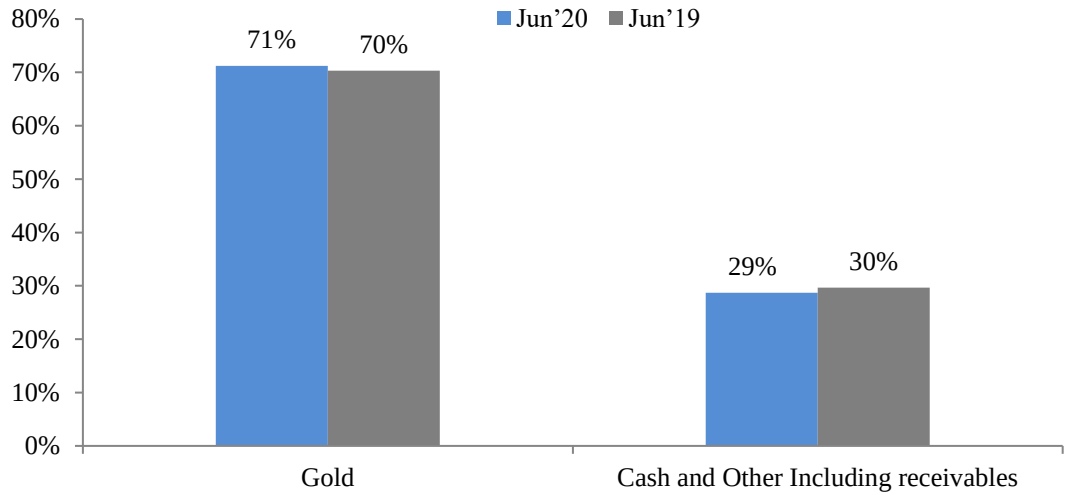
Investment Policy and Strategy

The objective of MGF is to provide maximum exposure to prices of Gold in a Shariah Compliant manner, by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on Pakistan Mercantile Exchange (PMEX). The fund has a long-term time horizon whereby the investors are advised to invest for a tenor of three to five years.

To meet the Fund's investment objective, at least seventy percent (70%) of Fund's net assets, will remain invested in deliverable gold based contracts, based on quarterly average investment calculated on daily basis, while the remaining net assets of the Fund shall be invested in cash and near cash instruments which include cash in bank accounts of Islamic banks and licensed Islamic banking windows of conventional banks (excluding TDR). However, at least 10% of the net assets of the Fund shall remain invested in cash and near cash instruments, based on monthly average calculated on daily basis.

Asset Allocation

As on June 30, 2020, the fund's gold exposure was 71.21%, while 28.73% of the Net Assets was invested in cash.



Performance Review

Meezan Gold Fund posted a total income of Rs. 108 million during FY19 as compared to total Income Rs. 96 million last year. Total income comprised of realized and unrealized gains on investments in gold of Rs. 8 million and Rs. 79 million respectively while profit on saving accounts with bank of Rs. 9 million. Price Adjustment Charges contributed 13 million in the net income. After accounting for expenses of Rs. 16 million, the fund posted a net income of Rs. 92 million. The net assets of the Fund as at June 30, 2020 were Rs. 548 million as compared to Rs. 478 million at the end of last year depicting an increase of 15%.

During the fiscal year 2020, Meezan Gold Fund provided a return 23.76% to its investors due to rise in international gold prices and PKR depreciation.

	MGF	Benchmark
Net Asset Value as on June 30, 2019	68.14	
Net Asset Value as on June 30, 2020	84.18	
Return During the Period - Net	23.76%	21.31%
Outperformance – Net	2.45%	

Benchmark: Combination of 70% PKR base closing price of physical gold and 30% 3 Month average deposit rates of 3 AA rated Islamic Banks

Distribution

There is NIL distribution by the Fund during the fiscal year ended June 30, 2020.

Breakdown of unit holdings by size:

(As on June 30, 2020)

Range (Units)	No. of Investors
1 - 9,999	762
10,000 - 49,999	73
50,000 - 99,999	9
100,000 - 499,999	8
500,000 and above	2
Total	**854**

PERFORMANCE TABLE	2020	2019	2018
Net assets (Rs in '000) (ex-distribution)	547,946	477,561	243,084
Net assets value per unit as at 30 June (Rs.) (ex-distribution)	84.183	68.141	56.668
Offer price per unit as at 30 June (Rs.) (ex-distribution)	86.927	70.362	58.515
Highest offer price per unit (Rs.)	86.927	78.011	59.419
Lowest offer price per unit (Rs.)	69.550	54.845	45.990
Highest redemption price per unit (Rs.)	84.183	75.548	56.968
Lowest redemption price per unit (Rs.)	67.354	53.114	44.480
Distribution (%)			
- Interim	-	11.80%	-
Date of distribution			
- Interim	0	June 28, 2019	0
Income distribution (Rs. in '000)	0	38120	0
Total return (%)	23.76	30.4	12
	One year	Two year	Three year
Average annual return as at June 30, 2020 (%)	23.76	27	21.81

Meezan Bank
The Premier Islamic Bank

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

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 1, 2019 to June 30, 2020 was the Fifth year of operations of Meezan Gold Fund (MGF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 3.7.1 of the Offering Document of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

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

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

In light of the above, we hereby certify that:

i. We have reviewed and approved the modes of investments of MGF in light of the *Shari'ah* guidelines.

ii. All the provisions of the scheme and investments made on account of MGF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.

iii. On the basis of information provided by the management, all the operation of MGF for the year ended June 30, 2020 have been in compliance with *Shari'ah* principles.

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shariah Advisor

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN GOLD FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Gold Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Gold Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Gold Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 390.225 million and balances with banks aggregated to Rs 157.431 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, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others 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, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and ▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN GOLD FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Assets			
Balances with banks	5	157,431	86,014
Investment in gold	6	390,225	364,344
Receivable against conversion of units		397	18,716
Advances and other receivables	7	9,680	15,142
Total assets		557,733	484,216
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	1,431	776
Payable to Central Depository Company of Pakistan Limited - Trustee	9	101	131
Payable to Securities and Exchange Commission of Pakistan	10	99	224
Payable against conversion and redemption of units		311	288
Payable to Meezan Bank Limited		-	6
Accrued expenses and other liabilities	11	7,845	5,230
Total liabilities		9,787	6,655
NET ASSETS		547,946	477,561
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		547,946	477,561
CONTINGENCIES AND COMMITMENTS	13		
NUMBER OF UNITS IN ISSUE		6,508,989	7,008,422
		(Rupees)	
NET ASSET VALUE PER UNIT		84.1829	68.1410

The annexed notes from 1 to 31 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN GOLD FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Income			
Profit on balances with banks		8,653	2,714
Realised gain on sale of investments - net		7,699	14,271
Price adjustment charges	12	13,243	12,633
		29,595	29,618
Net unrealised appreciation on re-measurement of investments in gold	6.1.3	78,671	66,672
Total income		108,266	96,290
Expenses			
Remuneration of Al Meezan Investment Limited- Management Company	8.1	4,935	2,993
Sindh Sales Tax on remuneration of the Management Company	8.2	642	389
Allocated expenses	16	493	299
Selling and marketing expenses	17	1,974	1,018
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	839	509
Sindh Sales Tax on remuneration of the Trustee		109	66
Annual fees to Securities and Exchange Commission of Pakistan	10	99	224
Brokerage expense		49	60
Auditors' remuneration	14	286	296
Fees and subscription		350	348
Printing expense		-	1
Custodian fee		3,961	2,569
Bank and settlement charges		756	973
Provision for Sindh Workers' Welfare Fund	11.1	1,875	1,731
Total expenses		16,368	11,476
Net income for the year before taxation		91,898	84,814
Taxation	18	-	-
Net income for the year after taxation		91,898	84,814
Allocation of net income for the year			
Net income for the year after taxation		91,898	84,814
Income already paid on units redeemed		(16,025)	(13,667)
		75,873	71,147
Accounting income available for distribution			
- Relating to capital gains		75,873	71,147
- Excluding capital gains		-	-
		75,873	71,147

The annexed notes from 1 to 31 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN GOLD FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in '000)	
Net income for the year after taxation	91,898	84,814
Other comprehensive income for the year	-	-
Total comprehensive income for the year	91,898	84,814

The annexed notes from 1 to 31 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN GOLD FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	----------(Rupees in '000)----------			----------(Rupees in '000)----------		
Net assets at beginning of the year	434,630	42,931	477,561	233,180	9,904	243,084
Issue of 8,564,609 units (2019: 10,852,091 units)						
- Capital value (at net asset value per unit at the beginning of the year)	583,601	-	583,601	613,198	-	613,198
- Element of income	74,370	-	74,370	90,794	-	90,794
Total proceeds on issuance of units	657,971	-	657,971	703,992	-	703,992
Redemption of 9,064,042 units (2019: 8,680,649 units)						
- Capital value (at net asset value per unit at the beginning of the year)	617,632	-	617,632	490,148	-	490,148
- Element of loss	45,827	16,025	61,852	50,514	13,667	64,181
Total payments on redemption of units	663,459	16,025	679,484	540,662	13,667	554,329
Total comprehensive income for the year	-	91,898	91,898	-	84,814	84,814
Issue of 547,329 bonus units, for the year ended June 30, 2019	-	-	-	38,120	(38,120)	-
Net income for the year less distribution	-	91,898	91,898	38,120	46,694	84,814
Net assets at end of the year	429,142	118,804	547,946	434,630	42,931	477,561
Undistributed income brought forward						
- Realised income		(23,741)			(19,027)	
- Unrealised income		66,672			28,931	
		42,931			9,904	
Accounting income available for distribution						
- Relating to capital gains		75,873			71,147	
- Excluding capital gains		-			-	
		75,873			71,147	
Interim bonus distribution during the year ended June 30, 2019 at Rs 5.9 per unit i.e. 11.8% of the par value of Rs. 50 each (June 28, 2019)		-			(38,120)	
Undistributed income carried forward		118,804			42,931	
Undistributed income carried forward						
- Realised income/ (loss)		40,133			(23,741)	
- Unrealised income		78,671			66,672	
		118,804			42,931	
		(Rupees)			**(Rupees)**	
Net assets value per unit at beginning of the year		68.1410			56.6676	
Net assets value per unit at end of the year		84.1829			68.1410	

The annexed notes from 1 to 31 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN GOLD FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		91,898	84,814
Adjustments for:			
Unrealised appreciation on re-measurement of investment in gold		(78,671)	(66,672)
		13,227	18,142
Decrease / (increase) in assets			
Investments - net		52,790	(85,807)
Advances and other receivables		5,462	(13,100)
		58,252	(98,907)
Increase / (decrease) in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		655	465
Payable to Central Depository Company of Pakistan Limited - Trustee		(30)	94
Payable to Securities and Exchange Commission of Pakistan		(125)	(50)
Payable to Meezan Bank Limited		(6)	(3)
Accrued expenses and other liabilities		2,615	2,470
		3,109	2,976
Net cash generated from / (used in) operating activities		74,588	(77,789)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against conversion of units		676,290	688,792
Payment against redemption and conversion of units		(679,461)	(554,321)
Net cash (used in) / generated from financing activities		(3,171)	134,471
Net increase in cash and cash equivalents during the year		71,417	56,682
Cash and cash equivalents at the beginning of the year		86,014	29,332
Cash and cash equivalents at the end of the year	5	157,431	86,014

The annexed notes from 1 to 31 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN GOLD FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Gold Fund is an open ended mutual fund constituted under a Trust Deed entered into on October 15, 2014 between Al Meezan Investment Management Company as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The Fund is registered as a Notified entity under Non-Banking Finance Companies and Notified Entities Regulations, (NBFC Regulations) issued through S.R.O.1203(I)/2008 on November 21, 2008. The Fund commenced its operations from August 18, 2015. The registered office of the Management Company is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shariah-e-Faisal, Karachi 74400, Pakistan.

1.2 The Fund is an open-ended Shariah Compliant (Islamic) Commodity Fund that aims to provide maximum exposure to prices of Gold in a Shariah Compliant (Islamic) manner by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on Pakistan Mercantile Exchange Limited (PMEX). Furthermore, all investments of the Fund's property shall be in accordance with the Shariah as advised by the Shariah Advisor. The Fund shall also be subject to the rules and regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investments made in the Fund from outside Pakistan in foreign currency. The investments in Gold contracts listed at the Commodity Exchange shall be subject to the PMEX Regulations and / or rules and regulations of the pertinent Commodity Exchange, if the Commodity Exchange is other than PMEX. All pertinent contracts, agreements and documents of PMEX shall be approved by Shariah advisor. Under the Trust Deed, all the conducts and acts of the fund are based on Shariah. The management company has appointed Meezan Bank Limited as its Shariah advisor to ensure that the activities of the fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's Offering document.

1.3 The Fund has been categorised as a Shariah compliant Commodity Scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009. The units of the Fund were initially offered for public subscription at a par value of Rs 50 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from August 13, 2015 and are transferable and redeemable by surrendering them to the Fund.

1.4 The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 29, 2018) and PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.5 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund. The fund is listed on Pakistan Stock Exchange Limited.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of repealed Companies Ordinance, 1984; and

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

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

Amendments	Effective date (accounting periods beginning on or after)
- 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, 2020 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) and taxation (note 18).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments in gold which is stated at its fair values.

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.2 Debt instruments

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

- amortised cost;
- at fair value through other comprehensive Income (FVOCI);
- at fair value through profit or loss (FVTPL) based on the business model of the Entity.

The financial assets of the Fund which are held for collection are measured at amortised cost.

4.3.3 Impairment

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

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

4.3.4 Regular way contracts

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

4.3.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.6 Derivatives

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Investment in Gold

Investment in Gold is initially recognized at fair value less cost to sell. Subsequent to initial recognition, these are measured at fair value using spot rate (i.e. immediately next day after expired contract) fixed by Pakistan Mercantile Exchange Limited (PMEX). Gain or loss arising from changes in fair value less cost to sell are recognized in Income Statement in the period of change.

4.7 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.8 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.9 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.10 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.11 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.12 Revenue recognition

- Gains / (losses) arising on sale of gold are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of gold are included in the Income Statement in the period in which they arise.
- Profit on balances with banks is recognised on a time proportion basis using the effective yield method.

4.13 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Provided that, for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

4.15 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

4.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

		Note	2020	2019
5	**BALANCES WITH BANKS**		**(Rupees in '000)**	
	Balances with banks in:			
	Savings accounts	5.1	157,337	85,920
	Current account		94	94
			157,431	86,014

5.1 The balance in saving account have expected profit rates ranging from 1.50% to 7.50% per annum (2019: 6.30% to 11.85% per annum).

		Note	2020	2019
6	**INVESTMENT IN GOLD**		**(Rupees in '000)**	
	Investment in gold	6.1	390,225	364,344

6.1 Investment in gold

Commodity	As at July 01, 2019	Purchased during the year	Sold during the year	As at June 30, 2020 (note 6.1.3)	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain note (6.1.3)	Percentage in relation to net assets of the fund on the basis of market value of investments
	----------Tola----------				(Rupees in '000)			%
TOLA GOLD	4,400	1,519	2,244	3,675	310,316	388,639	78,323	70.93
MITOLA	15,000	-	-	15,000	1,238	1,586	348	0.29
Total as at June 30, 2020					311,554	390,225	78,671	
Total as at June 30, 2019					297,672	364,344	66,672	

6.1.1 The Pakistan Mercantile Exchange Limited (PMEX) delivers refined Gold in 10 TOLA Bars. These are physically held by PMEX under their custody in the vaults of a commercial bank.

6.1.2 The investment in gold of Rs.390.225 million (2019: Rs. 364.344 million) has been measured at fair value based on the quoted market price prevailing in the active markets.

	Note	2020	2019
6.1.3 Net unrealised appreciation on re-measurement of investments in gold		(Rupees in '000)	
Market value of investments	6.1	390,225	364,344
Carrying value of investments	6.1	311,554	297,672
		78,671	66,672

7 ADVANCES AND OTHER RECEIVABLES

Profit receivable on balances with banks		1,449	227
Receivable against sale of investments		881	3,065
Advance against investment		7,350	11,850
		9,680	15,142

8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED-MANAGEMENT COMPANY - RELATED PARTY

Management fee payable	8.1	528	297
Sindh Sales Tax on remuneration of the Management Company	8.2	69	39
Allocated expenses payable	16	53	30
Selling and marketing expenses payable	17	598	373
Sales load payable		162	33
Sindh Sales Tax on sales load payable		21	4
		1,431	776

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2019: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs. 0.642 million (2019: Rs 0.389 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 0.612 million (2019: Rs.0.376 million) has been paid to the Management Company which acts as a collecting agent.

		Note	2020	2019
9	**PAYABLE TO CENTRAL DEPOSITORY COMPANY - TRUSTEE**		**(Rupees in '000)**	
	Trustee fee payable	9.1	89	116
	Sindh Sales Tax payable on trustee fee		12	15
			101	131

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- up to Rs 1 billion	0.17% per annum of net assets
- from Rs 1 billion to Rs.5 billion	Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1 billion.
- exceeding Rs.5 billion	Rs 5.1 million plus 0.07% per annum of net assets exceeding Rs 5 billion.

During the year, an amount of Rs 0.109 million (2019: Rs 0.066 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. 0.112 million (2019: Rs.0.056 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 is required to pay annual fee to the Securities and Exchange Commission of Pakistan.

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to commodity fund was 0.075%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

		Note	2020	2019
11	**ACCRUED EXPENSES AND OTHER LIABILITIES**		**(Rupees in '000)**	
	Auditors' remuneration payable		175	175
	Custodian fee payable		883	257
	Shariah advisor fee payable		159	159
	Payable against purchase of investments		685	684
	Withholding tax payable		7	21
	Capital gain tax payable		184	51
	Provision for Sindh Workers' Welfare Fund	11.1	5,041	3,166
	Zakat payable		-	6
	Provision for Federal Exercise Duty and related Sindh sales tax on management fee	11.2	414	414
	Provision for Federal Exercise Duty and related Sindh sales tax on sales load	11.2	297	297
			7,845	5,230

11.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.77 per unit (2019: Re 0.45 per unit).

11.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16% on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 0.711 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.11 (June 30, 2019: Re 0.10) per unit.

12 PRICE ADJUSTMENT CHARGES

Securities and Exchange Commission of Pakistan (SECP) vide a circular no.40 SCD/AMCW/ MGF/63/2017 dated June 14, 2017, allowed the fund to charge price adjustment charges. Price adjustment charge is a difference between the offer price and the bid price from the closing price of the gold transactions (contract) available at PMEX, which is added to and deducted from the NAV to determine offer and redemption prices respectively. Such charges form part of Fund Property.

Currently, price adjustment charges added/ deducted to form NAV of the fund to determine offer / redemption price is 1% of NAV.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

14 AUDITORS' REMUNERATION

	2020	2019
	(Rupees in '000)	
Annual audit fee	150	160
Half yearly review of condensed interim financial information	81	80
Fee for other certifications	40	43
Out of pocket expenses	15	13
	286	296

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 3.32% which includes 0.55% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, annual fee to the SECP, etc. (June 2019: 3.78% and 0.8%). This ratio is within the maximum limit of 3% prescribed under the NBFC Regulations for a collective investment scheme categorised as Commodity Scheme.

16 ALLOCATED EXPENSES

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund for the year ended June 30, 2020.

17 SELLING AND MARKETING EXPENSES

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.

During the current year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company, based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

18 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. No provision for taxation has been made in these financial statements during the year since the income of the fund only pertains to capital gains (realised and unrealised).

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in Finance Act, 2015 is also not applicable on funds as Section 4B of Income Tax Ordinance, 2001.

19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

19.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and executives of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

19.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

19.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.

19.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

19.5 The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

Balances	2020	2019
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Management fee payable	528	297
Sindh Sales Tax on remuneration of the Management Company	69	39
Allocated expenses payable	53	30
Selling and marketing expenses payable	598	373
Sales load payable	162	33
Sales tax on sales load	21	4
Meezan Bank Limited		
Sales load payable	-	5
Sindh Sales tax on sales load	-	1
Bank balance	31,954	38,321
Profit on balances with bank	106	11
Investment of 1,084,712 units (June 30, 2019: 1,084,712 units)	91,314	73,060
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	89	116
Sindh Sales Tax payable on trustee fee	12	15
Directors and their close family members and key management personnel of the Management Company		
Investment of 331,325 units (June 30, 2019: 284,327 units)	27,892	19,374
Unitholders holding 10% or more of units of the Fund		
Investment of 1,272,869 units (June 30, 2019: 1,236,347 units)	107,154	84,246

Transactions during the year	For the year ended June 30,	
	2020	2019
Al Meezan Investment Management Limited - Management Company		
Remuneration charged	4,935	2,993
Sindh Sales Tax on remuneration of the Management Company	642	389
Allocated expenses	493	299
Selling and marketing expenses	1,974	1,018
Meezan Bank Limited		
Profit on balances with bank	2,429	671
Issue of Nil (2019: 84,712) units	-	5,900
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	839	509
Sindh Sales Tax on remuneration of the Trustee	109	66
Directors and their close family members and key management		
Issue of 300,736 units (2019: 1,432,301 units)	22,892	95,416
Redemption of 253,722 uints (2019: 1,345,712 units)	18,990	89,730

19.6 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	Total
	----------(Rupees in '000)----------		
Financial assets			
Balances with banks	157,431	-	157,431
Receivable against conversion of units	397	-	397
Advances and other receivables	9,680	-	9,680
	167,508	-	167,508

	2020		
	At fair value through profit or loss	At amortised cost	Total
	----------(Rupees in '000)----------		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	1,431	1,431
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	101	101
Payable to Meezan Bank Limited	-	-	-
Payable against conversion and redemption of units	-	311	311
Accrued expenses and other liabilities	-	1,902	1,902
	-	3,745	3,745

	2019		
	At amortised cost	At fair value through profit or loss	Total
	----------(Rupees in '000)----------		
Financial assets			
Balances with banks	86,014	-	86,014
Receivable against conversion of units	18,716	-	18,716
Advances and other receivables	15,142	-	15,142
	119,872	-	119,872

	2019		
	At fair value through profit or loss	At amortised cost	Total
	----------(Rupees in '000)----------		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	776	776
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	131	131
Payable to Meezan Bank Limited	-	6	6
Payable against conversion and redemption of units	-	288	288
Accrued expenses and other liabilities	-	1,275	1,275
	-	2,476	2,476

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unitholders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk and profit rate risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, and the directives issued by the SECP.

Risks managed and measured by the Fund are explained below:

21.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: yield / profit rate risk, currency risk, and price risk.

(i) Profit rate risk

The profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates which affect cash flows pertaining to debt instruments and their fair values. The Fund does not hold any debt instruments, therefore its net assets are not exposed to these risks.

Cash flow profit rate risk

The Fund's profit risk arises from the balances in saving accounts.

During the year ended June 30, 2020, the net income would have increased / decreased by Rs. 1.573 million (June 30, 2019 Rs. 0.859 million) had the profit rates on profit and loss saving accounts increased / (decreased) by 100 basis points.

Fair value profit rate risk

Since the Fund does not have investment in fixed rate security, therefore, is not exposed to fair value profit rate risk.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

	2020					
		Exposed to yield / interest rate risk				
	Effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total
		(Rupees in '000)				
Financial assets						
Balances with banks	1.50% - 7.50%	157,337	-	-	94	157,431
Receivable against conversion of units		-	-	-	397	397
Advances and other receivables		-	-	-	9,680	9,680
		157,337	-	-	10,171	167,508
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	1,431	1,431
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	101	101
Payable to Meezan Bank Limited		-	-	-	-	-
Payable against conversion and redemption of units		-	-	-	311	311
Accrued expenses and other liabilities		-	-	-	1,902	1,902
		-	-	-	3,745	3,745
On-balance sheet gap (a)		157,337	-	-	6,426	163,763
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		157,337	-	-		
Cumulative profit rate sensitivity gap		157,337	157,337	157,337		

	2019				
	Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		(Rupees in '000)				
Financial assets						
Balances with banks	3.00% - 12.35%	85,920	-	-	94	86,014
Receivable against conversion of units		-	-	-	18,716	18,716
Advances and deposits		-	-	-	15,142	15,142
		85,920	-	-	33,952	119,872
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	776	776
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	131	131
Payable to Meezan Bank Limited		-	-	-	6	6
Payable against conversion and redemption of units		-	-	-	288	288
Accrued expenses and other liabilities		-	-	-	1,275	1,275
		-	-	-	2,476	2,476
On-balance sheet gap (a)		85,920	-	-	31,476	117,396
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		85,920	-	-		
Cumulative profit rate sensitivity gap		85,920	85,920	85,920		

(ii) Currency risk

Currency risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

(iii) Price risk

The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to provide the maximum return to the unitholders by investing a significant portion of the Fund's net assets in deliverable gold based contracts in a Shariah compliant manner available on Pakistan Mercantile Exchange Limited (PMEX). The Fund's market risk is managed on a daily basis by the investment committee in accordance with the policies and procedures laid down by the SECP. Further, it is managed by monitoring exposure to gold and by complying with the internal risk management policies and regulations laid down in NBFC Regulations.

The Fund's overall market positions are monitored by the Board of Directors of the Management Company on a quarterly basis.

21.2 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's offering document provides for the daily creation and cancellation of units and it is, therefore, exposed to the liquidity risk of meeting unit holders' redemptions at any time. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's asset in highly liquid financial assets.

In accordance with the regulation 58(1)(k) of the NBFC Regulations, the Fund has the ability to borrow funds for meeting redemption requests, with the approval of the Trustee, for a period not exceeding three months to the extent of fifteen percent of its net assets. However, no such borrowing has been obtained during the year.

Further, the Fund is also allowed, in accordance with regulation 57(10) of the NBFC Regulations, to defer redemption request to next dealing day, had such requests exceeded ten percent of the total number of units in issue. However, no such defer redemption request has been exercised by the Fund during the year.

In accordance with the risk management policy of the Fund, the Fund's Investment Committee reviews the liquidity position on a daily basis, which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

In addition to unitholder fund, analysis of the Fund's financial assets and financial liabilities into relevant maturity grouping as at June 30, 2020 is tabulated below:

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	(Rupees in '000)						
Financial assets							
Balances with banks	157,431	-	-	-	-	-	157,431
Receivable against conversion of units	397	-	-	-	-	-	397
Advances and deposits	9,680	-	-	-	-	-	9,680
	167,508	**-**	**-**	**-**	**-**	**-**	**167,508**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	1,431	-	-	-	-	-	1,431
Payable to the Central Depository Company of Pakistan Limited - Trustee	101	-	-	-	-	-	101
Payable to Meezan Bank Limited	-						-
Payable against conversion and redemption of units	311	-	-	-	-	-	311
Accrued expenses and other liabilities	685	1,217	-	-	-	-	1,902
	2,528	**1,217**	**-**	**-**	**-**	**-**	**3,745**
Net assets / (liabilities)	**164,980**	**(1,217)**	**-**	**-**	**-**	**-**	**163,763**

	2019						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	(Rupees in '000)						
Financial assets							
Balances with banks	86,014	-	-	-	-	-	86,014
Receivable against conversion of units	18,716	-	-	-	-	-	18,716
Advances and deposits	15,142	-	-	-	-	-	15,142
	119,872	**-**	**-**	**-**	**-**	**-**	**119,872**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	776	-	-	-	-	-	776
Payable to the Central Depository Company of Pakistan Limited - Trustee	131	-	-	-	-	-	131
Payable to Meezan Bank Limited	6	-	-	-	-	-	6
Payable against conversion and redemption of units	288	-	-	-	-	-	288
Accrued expenses and other liabilities	684	591	-	-	-	-	1,275
	1,885	**591**	**-**	**-**	**-**	**-**	**2,476**
Net assets / (liabilities)	**117,987**	**(591)**	**-**	**-**	**-**	**-**	**117,396**

21.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

Credit risk arises from balances with banks, profit accrued on balances with banks and receivable against conversion of units.

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the Investment Committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	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	157,431	157,431	86,014	86,014
Receivable against conversion of units	397	397	18,716	18,716
Advances and deposits	9,680	9,680	15,142	15,142
	167,508	**167,508**	**119,872**	**119,872**

21.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued on bank balances thereon, cheques in hand, dividend receivable and receivable against sale of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	15.61%	1.83%
AA+	20.37%	98.15%
AA	64.02%	-
A+	-	0.02%
	100.00%	**100.00%**

21.3.3 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.

22 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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).

Investments in gold are non-financial assets and are recognised at fair value as disclosed in note 6.1 to these financial statements.

23 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund's objectives when managing unit holders funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management. The Fund has no restrictions on the subscription and redemption of units.

As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

24 COMMODITY RISK MANAGEMENT

24.1 Commodity risk

Commodity risk represent the accounting loss that would be recognised at the reporting date due to change in future market values and the size of the future income, caused by fluctuation in the prices of commodities.

Commodity risk arises on the fair value or future cash flows of a commodity which will fluctuate because of the decrease / increase in the price of the gold contract quoted on Pakistan Mercantile Exchange Limited (PMEX).

In case of 1% increase / decrease in the price of gold fixed by Pakistan Mercantile Exchange Limited (PMEX) as on June 30, 2020, with all other variables held constant, the total income of the Fund for the year would increase / decrease by Rs 3.902 million (2019: Rs 3.643 million) and the net assets of the Fund would increase / decrease by the same amount as a result of change in the fair value thereof.

25 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	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	848	423,633	77.31	653	345,447	64.44
Bank / DFIs	1	91,314	16.66	1	73,913	23.32
Private limited companies	4	29,348	5.36	1	55,243	0.00
Others	1	3,651	0.67	3	2,958	0.93
	854	547,946	100.00%	658	477,561	100.00%

26 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
IGI Finex Securities Limited	19%	Top Line Securities (Private) Limited	21%
Shajar Capital Limited	18%	Shajar Capital Limited	18%
Top Line Securities (Private) Limited	17%	Arif Habib Limited	17%
Arif Habib Limited	16%	IGI Finex Securities Limited	16%
Fortune Securities Limited	10%	Fortune Securities Limited	11%
BIPL Securities Limited	10%	BIPL Securities Limited	9%
AKD Securities Limited	11%	AKD Securities Limited	8%

26.1 The Fund has traded with only the above mentioned 7 brokers / dealers during the year ended June 30, 2020 (2019: 7 brokers / dealers).

27 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM /MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Nine years

The Fund Manager of the Fund is Mr. Ali Khan. The Fund Manager is not managing any other fund.

28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	Apr 15, 2020	Jun 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidw ai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

29 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

31 GENERAL

31.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

31.2 Operational Risk Management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network (“VPN”) connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

31.3 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

Meezan
Islamic Income Fund

Meezan Islamic Income Fund (MIIF)

Meezan Islamic Income Fund is Pakistan's first Shariah compliant income fund scheme. The purpose of Meezan Islamic Income Fund is to provide investors with a high and stable rate of current income consistent with long term preservation of capital in a Shariah compliant way.

HIGHEST MANAGEMENT QUALITY RATING OF AM1 – BY PACRA & VIS

AM1
Rating by VIS and PACRA

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. ljaz 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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	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
Al Baraka Islamic Bank B.S.C (E.C)
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking Bank
Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
Habib Bank Limited -Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking
Samba Bank Limited
Sindh Bank Limited
Soneri Bank Limited - Islamic Banking
The Bank Of Punjab - Islamic Banking
The Bank Of Khyber - Islamic Banking
UBL Ameen - Islamic Banking

LEGAL ADVISER

Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (9221) 35156191-94 Fax: (9221) 35156195
E-mail:

TRANSFER AGENT

Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER
Meezan Islamic Income Fund (MIIF)

Type of Fund

Open end mutual fund which falls under the Income Fund category.

Objective

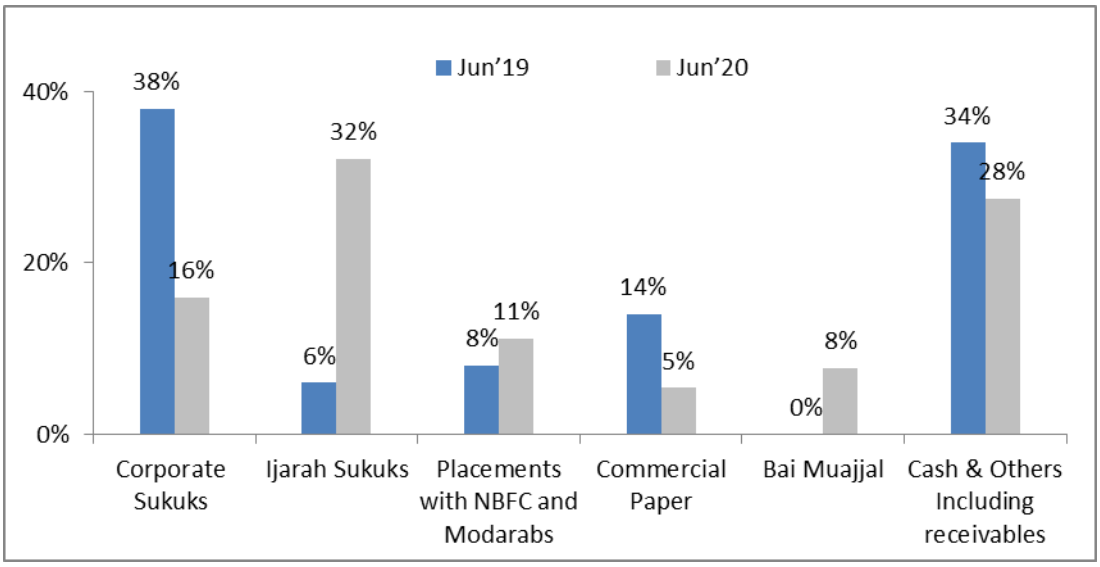
The Fund's primary objective is to provide investors with a competitive and stable rate of current income in a Shariah compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation. The Fund shall seek to provide investors with a rate of total return consistent with a broadly diversified portfolio of long, medium and short term high quality Islamic Income instruments.

Strategy, Investment policy and asset allocation

MIIF invests in Corporate and Sovereign Sukuks (Islamic Bonds), Musharaka and Murabaha instruments, Shariah Compliant spread transactions, Certificate of Islamic Investments, Islamic bank deposits, and other Islamic Income products.

During the year, the focus was on proactive and continuous reallocation between high yield instruments, so as to maximize fund yield, while maintaining a balance within the risk management constraints. Term Deposits were also placed in order to lock in relatively higher profit rates.

Sector Allocation as on June 30, 2019 and 2020



Performance Review

During FY20, Meezan Islamic Income Fund (MIIF) provided a full year return of 11.57% as compared to its benchmark return of 6.33%. The fund manager remained on a continuous look out for deployment opportunities in high quality corporate Sukuks and investments were made in Sukuks issued by companies in the Chemicals, Pharmaceuticals, Fertilizer, Textile and Power sector during the year. In line with monetary easing expectations, TDRs above three months' tenor were placed during the year. The fund has three non performing Sukuks currently (Sukuks of Eden Housing Limited, Security Leasing Company Limited and Arzoo Textile Mills Limited) but it is pertinent to note that these stand fully provided for; a case for Arzoo Textile Mills Limited Sukuks is already under contestation in the courts, for Eden Housing Limited, Bank Islami is currently in the process of filing a case against the company since rescheduling terms could not be agreed and for Security Leasing Company Limited, negotiations have not been very fruitful so it appears that the most likely way forward will be procession of legal proceedings

against the company but the Sukuks holders are yet to reach a conclusion on the matter. As at year end, the fund was invested 53% in Islamic Sukuks, 19% in Modarabas and DFIs and other 28% in Islamic Bank Deposits including other receivables.

The Fund earned a gross income of Rs. 2,658 million, which was primarily due to profit on Sukuks certificates amounting worth Rs. 952 million. Profit on saving accounts at Islamic banks contributed Rs. 1,332 million, profit on musharakah certificates Rs. 130 million, Profit on Bai Muajjal Rs. 194 million while realized gain on sale of Sukuks certificates was Rs. 29 million. On the other side, the fund incurred unrealized appreciation worth Rs. 18 million. The fund also incurred expenses totalling to Rs. 386 million, which brought the net income figure to Rs. 2,272 million. The net assets of the Fund as at June 30, 2020 were Rs. 27,776 million as compared to Rs. 9,471 million at the end of last year depicting an increase of 193%. The net asset value per unit as at June 30, 2020 was Rs. 51.47 (Ex-Dividend) as compared to Rs. 51.44 per unit as on June 30, 2019.

	MIIF	Benchmark
Net Asset Value as on June 30, 2019	51.44	
Net Asset Value as on June 30, 2020	51.47	
Return for the year	11.57%	6.33%
Outperformance	5.23%	

Fund Rating

VIS Credit Rating Company has assigned Stability Rating of A (f) to Meezan Islamic Income Fund.

Distributions

The interim distribution in the form of cash dividend by the Fund during the fiscal year ended June 30, 2020 was Rs. 5.89 per unit (11.77%). Total distribution made by the fund was Rs. 2,826 million.

Breakdown of unit holdings by size:

(As on June 30, 2020)

Range (Units)	No. of investors
1 - 9,999	11,495
10,000 - 49,999	3,798
50,000 - 99,999	819
100,000 - 499,999	673
500,000 and above	115
Total	**16,900**

PERFORMANCE TABLE

	2020	2019	2018	2017	2016
Net assets (Rs '000) (ex-distribution)	**27,776,365**	9,471,322	10,165,914	11,781,426	9,051,417
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution)	**51.4656**	51.4367	51.3914	51.3912	51.2812
Offer price per unit as at June 30 (Rs) (ex-distribution)	**51.7563**	51.7273	51.6818	51.6800	51.6248
Distribution (%)					
- Interim					
- First quarter	**-**	0	0	0	0
- Second quarter	**-**	0	0	0	0
- Third quarter	**-**	0	0	0	0
- Fourth quarter	**11.77%**	8.09%	0	5.00%	5.00%
- Annual	**-**	0	4.40%	0	0
Dates of distribution (interim)					
- First quarter	**-**	0	0	0	0
- Second quarter	**-**	0	0	0	0
- Third quarter	**-**	0	0	0	0
- Fourth quarter	**June 26, 2020**	June 28, 2019	0	June 21, 2017	June 24, 2016
Dates of distribution (annual)	**-**	0	July 6, 2018	0	0
Income distribution (Rupees in '000)	**-**	0	0	0	0
Growth distribution (Rupees in '000)	**-**	0	0	0	0
Highest offer price per unit (Rs)	**57.6066**	55.7518	53.8896	54.1300	54.1300
Lowest offer price per unit (Rs)	**51.7273**	51.6976	51.6945	51.5000	51.3500
Highest redemption price per unit (Rs)	**57.2830**	55.4386	53.5868	53.8300	53.7700
Lowest redemption price per unit (Rs)	**51.4367**	51.4072	51.4041	51.2100	51.0100
Total return (%)	**11.57%**	7.92%	4.26%	5.09%	5.76%
Weighted Average Portfolio Duration (years)	0.19	2.18	2.08	0.9	1.6

	One year	Two year	Three year	Four year	Five year
Average annual return (%) as at June 30, 2020	**11.57%**	9.74%	7.92%	7.21%	6.92%

Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Islamic Income Fund

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Thirteenth year of operations of Meezan Islamic Income Fund (MIIF) under management of Al Meezan Investment Management Limited (AMIM). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 7.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, we have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

i. We have reviewed and approved the modes of investments of MIIF in light of the *Shari'ah* guidelines.

ii. All the provisions of the scheme and investments made on account of MIIF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.

iii. On the basis of information provided by the management, all the operation of MIIF for the year ended June 30, 2020 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shariah Advisor

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ISLAMIC INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Income Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 25, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Islamic Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Islamic Income Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 20,666.58 million and balances with banks aggregated to Rs 6,857.317 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, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others 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, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and ▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN ISLAMIC INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
		---------- Rupees in '000 ----------	
Assets			
Balances with banks	5	6,857,317	2,971,017
Investments	6	20,666,580	6,454,219
Receivable against conversion of units		425,168	3,802
Deposits, prepayments and other receivables	7	299,311	258,982
Total assets		28,248,376	9,688,020
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	34,512	19,857
Payable to Central Depository Company of Pakistan Limited - Trustee	9	1,993	838
Payable to Securities and Exchange Commission of Pakistan	10	4,264	7,822
Payable to Meezan Bank Limited		2,886	399
Payable against conversion and redemption of units		83,924	45,063
Accrued expenses and other liabilities	11	344,432	142,719
Total liabilities		472,011	216,698
NET ASSETS		27,776,365	9,471,322
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		27,776,365	9,471,322
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		539,707,519	184,135,657
NET ASSET VALUE PER UNIT		51.4656	51.4367

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN ISLAMIC INCOME FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---------- Rupees in '000 ----------	
Income			
Profit on sukuk certificates		952,303	513,505
Profit on term deposits		-	30,170
Profit on musharakah certificates		130,177	97,158
Profit on Bai Muajjal		193,977	-
Net realised gain / (loss) on sale of sukuk certificates		29,054	(31,107)
Profit on saving accounts with banks		1,331,790	365,570
Other income		2,766	3,361
		2,640,067	978,657
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	17,758	(18,871)
Total income		2,657,825	959,786
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	172,759	83,862
Sindh Sales Tax on remuneration of the Management Company	8.2	22,459	10,902
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	15,991	8,901
Sindh Sales Tax on remuneration of the Trustee	9.2	2,079	1,157
Annual fee to Securities and Exchange Commission of Pakistan	10	4,264	7,823
Auditors' remuneration	13	630	644
Fees and subscription		1,283	1,406
Printing charges		-	160
Brokerage expense		1,541	798
Bank and settlement charges		1,195	569
Selling and marketing expenses	16	85,284	12,175
Allocated expenses	15	31,663	10,431
Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	46,374	16,419
Total expenses		385,522	155,247
Net income for the year before taxation		2,272,303	804,539
Taxation	17	-	-
Net income for the year after taxation		2,272,303	804,539
Allocation of net income for the year			
Net income for the year after taxation		2,272,303	804,539
Income already paid on units redeemed		(1,158,723)	(362,599)
		1,113,580	441,940
Accounting income available for distribution			
- Relating to capital gains		46,812	-
- Excluding capital gains		1,066,768	441,940
		1,113,580	441,940

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN ISLAMIC INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	---------- Rupees in '000 ----------	
Net income for the year after taxation	2,272,303	804,539
Other comprehensive income for the year	-	-
Total comprehensive income for the year	2,272,303	804,539

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN ISLAMIC INCOME FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	9,297,919	173,403	9,471,322	9,755,035	410,879	10,165,914
Issuance of 1,172,125,350 units (2019: 374,693,447 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	60,290,260	-	60,290,260	19,256,021	-	19,256,021
- Element of income	3,693,233	-	3,693,233	668,853	-	668,853
Total proceeds on issuance of units	63,983,493	-	63,983,493	19,924,874	-	19,924,874
Redemption of 816,553,488 units (2019: 380,266,928 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	42,000,817	-	42,000,817	19,542,450	-	19,542,450
- Element of loss	1,964,752	1,158,723	3,123,475	407,031	362,599	769,630
Total payments on redemption of units	43,965,569	1,158,723	45,124,292	19,949,481	362,599	20,312,080
Total comprehensive income for the year	-	2,272,303	2,272,303	-	804,539	804,539
Distribution for the year ended June 30, 2018	-	-	-	-	(245,803)	(245,803)
Distribution for the year ended June 30, 2019	-	-	-	-	(433,613)	(433,613)
Distribution for the year ended June 30, 2020	-	(1,052,042)	(1,052,042)	-	-	-
Refund of Capital for the year ended June 30, 2018	-	-	-	(170,684)	-	(170,684)
Refund of Capital for the year ended June 30, 2019	-	-	-	(261,825)	-	(261,825)
Refund of Capital for the year ended June 30, 2020	(1,774,419)	-	(1,774,419)	-	-	-
Total distribution during the year	(1,774,419)	(1,052,042)	(2,826,461)	(432,509)	(679,416)	(1,111,925)
Net assets at the end of the year	27,541,424	234,941	27,776,365	9,297,919	173,403	9,471,322
Undistributed income brought forward						
- Realised income		192,274			441,879	
- Unrealised loss		(18,871)			(31,000)	
		173,403			410,879	
Accounting income available for distribution (after adjusting income already paid on units redeemed)						
- Relating to capital gains		46,812			-	
- Excluding capital gains		1,066,768			441,940	
		1,113,580			441,940	
Final distribution during the year at Rs. 2.1954 per unit i.e. 4.39% of the par value of Rs. 50/- each (July 6, 2018)		-			(245,803)	
Interim distribution during the year at Rs. 4.0472 per unit i.e. 8.09% of the par value of Rs. 50/- each (June 28, 2019)		-			(433,613)	
Interim distribution during the year at Rs. 5.8863 per unit i.e. 11.77% of the par value of Rs. 50/- each (June 26, 2020)		(1,052,042)			-	
Undistributed income carried forward		234,941			173,403	
Undistributed income carried forward						
- Realised income		217,183			192,274	
- Unrealised income / (loss)		17,758			(18,871)	
		234,941			173,403	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			51.4367			53.5868
Net assets value per unit at the end of the year			51.4656			51.4367

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN ISLAMIC INCOME FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---------- Rupees in '000 ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		2,272,303	804,539
Adjustments for:			
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(17,758)	18,871
		2,254,545	823,410
(Increase) in assets			
Investments - net		(14,194,603)	(1,609,143)
Deposits, prepayments and other receivables		(40,329)	(142,587)
		(14,234,932)	(1,751,730)
Increase / (Decrease) in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		14,655	12,114
Payable to Central Depository Company of Pakistan Limited - Trustee		1,155	55
Payable to Securities and Exchange Commission of Pakistan		(3,558)	(385)
Payable to Meezan Bank Limited		2,487	(1,309)
Accrued expenses and other liabilities		201,713	66,057
		216,452	76,532
Net cash used in operating activities		(11,763,935)	(851,788)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		61,787,708	19,617,826
Payments against redemption and conversion of units		(45,085,431)	(20,316,476)
Dividend paid		(1,052,042)	(679,416)
Net cash generated from / (used) in financing activities		15,650,235	(1,378,066)
Net increase / (decrease) in cash and cash equivalents		3,886,300	(2,229,854)
Cash and cash equivalents at the beginning of the year		2,971,017	5,200,871
Cash and cash equivalents at the end of the year	5	6,857,317	2,971,017

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN ISLAMIC INCOME FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Islamic Income Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on September 13, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) notified through S.R.O. 1203 (I) / 2008 on November 21, 2008. The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long-term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point of time. Under the Trust Deed all conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.

1.3 The Fund is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as an Open End Shariah Compliant (Islamic) Income Scheme in accordance with Circular 7 of 2009 issued by the SECP.

1.4 The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 29, 2018) and by PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of A(f) by VIS Credit Rating Company Limited.

1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- 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, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at fair value.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.1.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

The Fund can only invest in equity securities for the purpose of spread transactions as approved by Shariah Advisor.

4.3.2 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recoginses loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.3.2.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

4.3.3 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

4.3.4 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.3.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price represents the Net Asset Value (NAV) of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributors and the Management Company.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redemption price represents the NAV per unit as on the close of business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.9 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on saving account with banks is recognised on time proportion basis using the effective yield method.
- Income on sukuk certificates, term deposit receipts, musharakah certificates and government securities is recognised on time proportion basis using the effective yield except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by SECP for which the profits are recorded on cash basis.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Income on bai muajjal is recognised on time proportion basis, the difference between the sale and the credit price is recognised over the credit period.

4.12 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

4.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

4.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS	Note	2020	2019
		--------- Rupees in '000 ----------	
Balances with banks in:			
Savings accounts	5.1	6,857,273	2,970,973
Current account		44	44
		6,857,317	2,971,017

5.1 The balances in saving accounts have expected profit rates ranging from 1.50% to 7.50% per annum (2019: 3.32% to 12.50% per annum).

6 INVESTMENTS	Note	2020	2019
		--------- Rupees in '000 ----------	
Investments - 'at fair value through profit or loss'			
Sukuk certificates	6.1	13,586,435	4,277,722
Certificates of musharakah	6.3	1,600,000	750,000
Commercial papers	6.4	1,522,415	1,426,497
Bai Muajjal receivable	6.5	3,957,730	-
		20,666,580	6,454,219

6.1 Sukuk certificates

Government securities	6.1.1	9,081,390	600,000
Corporate sukuks	6.1.2	4,505,045	3,677,722
		13,586,435	4,277,722

6.1.1 Government securities

Name of the security	Profit Payments / Principal Redemptions	Maturity Date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / maturity during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
											Net assets of the Fund	Total market value of investment
				Number of certificates				(Rupees in '000)			-------- % --------	
GoP Ijarah Sukuk Certificates - XIX (note 6.1.1.1)	Semi-annually	June 30, 2020	Weighted average 6 months T-Bills	-	4,100	4,100	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XX (note 6.1.1.1)	Semi-annually	April 30, 2025	Weighted average 6 months T-Bills	-	1,870	-	1,870	187,000	181,390	(5,610)	1.00	0.88
Pakistan Energy Sukuk I (note 6.1.1.1)	Semi-annually	March 1, 2029	6 months KIBOR plus base rate of 0.8%	120,000	-	120,000	-	-	-	-	-	-
Pakistan Energy Sukuk II (note 6.1.1.1)	Semi-annually	May 20, 2030	6 months KIBOR plus base rate of	-	1,780,000	-	1,780,000	8,900,000	8,900,000	-	32.04	43.06
Total as at June 30, 2020								**9,087,000**	**9,081,390**	**(5,610)**	**33.04**	**43.94**
Total as at June 30, 2019								**600,000**	**600,000**	**-**	**6.33**	**9.30**

6.1.1.1 The nominal value of these sukuk certificates is Rs 100,000 each except for Pakistan Energy Sukuk Certificates having nominal value of Rs. 5,000 each.

6.1.2 Corporate sukuks

Name of the security	Profit Payments / Principal Redemptions	Maturity Date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemp-tions during the year	As at June 30, 2020	* Carrying value as at June 30, 2020	* Market value as at June 30, 2020	Unrealised appreciation / (diminu-tion)	Percentage in relation to	
											Net assets of the Fund	Total market value of investment
				Number of certificates				(Rupees in '000)			-------- % --------	
Arzoo Textile Mills Limited (note 6.1.2.2 & 6.1.2.2.1) *		April 15, 2014	6 months KIBOR plus base rate of 2%	14,000	-	-	14,000	-	-	-	-	-
Eden Housing Limited (note 6.1.2.2 & 6.1.2.2.1) *		September 29, 2014	6 months KIBOR plus base rate of 2.5%	59,400	-	-	59,400	-	-	-	-	-
Security Leasing Corporation Limited II (note 6.1.2.2 & 6.1.2.2.2) *		January 19, 2022	Nil	3,081	-	-	3,081	-	-	-	-	-
BANKS												
Dubai Islamic Bank Pakistan Limited (AA-, VIS, traded) (note 6.1.2.1)	Semi-annually / At maturity	July 14, 2027	6 months KIBOR plus base rate of 0.5%	513	2,212	2,187	538	552,418	552,114	(304)	1.99	2.67
Meezan Bank Limited Tier - II (AA, VIS, traded) (note 6.1.2.1)	Semi-annually / At maturity	September 22, 2026	6 months KIBOR plus base rate of 0.50%	368	-	70	298	297,993	305,450	7,457	1.10	1.48
FERTILIZER												
Engro Fertilizer Limited (AA, PACRA) (note 6.1.2.1)	Semi-annually	July 9, 2019	6 months KIBOR plus base rate of 1.75%	14,875	-	14,875	-	-	-	-	-	-
Fatima Fertilizer Company Limited (AA-, PACRA, traded) (note 6.1.2.1)	Semi-annually	November 28, 2021	6 months KIBOR plus base rate of 1.10%	29,833	58,000	27,633	60,200	303,368	302,754	(614)	1.09	1.46
OIL & GAS MARKETING COMPANIES												
Hascol Petroleum Limited (BBB-, VIS, non-traded) (note 6.1.2.2, 6.1.2.2.3)	Quarterly	January 06, 2022	3 months KIBOR plus base rate of 1.50%	44,000	-	16,000	28,000	141,050	138,270	(2,780)	0.50	0.67
POWER GENERATION & DISTRIBUTION												
K-Electric Limited (AA+, VIS, traded) (note 6.1.2.1)	Quarterly	June 17, 2022	3 months KIBOR plus base rate of 1.00%	15,692	-	15,692	-	-	-	-	-	-
K-Electric Limited (sukuk 5) (AA+, VIS) (note 6.1.2.1)	Quarterly	December 27, 2026	3 months KIBOR plus base rate of 1.70%	-	80,000	-	80,000	400,000	400,000	-	1.44	1.94
Hub Power Company Limited (A1+, PACRA) (note 6.1.2.1)	Quarterly	November 26, 2019	3 months KIBOR plus base rate of 1.00%	120,000	-	120,000	-	-	-	-	-	-
Hub Power Company Limited (A1+, PACRA) (note 6.1.2.1)	Quarterly	October 2, 2019	3 months KIBOR plus base rate of 1.00%	70,000	-	70,000	-	-	-	-	-	-

Name of the security	Profit Payments / Principal Redemptions	Maturity Date	Profit rate	As at July 1, 2018	Purchases during the year	Sales / redemp-tions during the year	As at June 30, 2019	* Carrying value as at June 30, 2019	* Market value as at June 30, 2019	Unrealised appreciation / (diminution)	Percentage in relation to	
											Net assets of the Fund	Total market value of investment
				Number of certificates				(Rupees in '000)			-------- % --------	
Hub Power Company Limited (AA+, PACRA), traded (note 6.1.2.1)	Quarterly	August 22, 2023	3 months KIBOR plus base rate of 1.90%	-	5,710	150	5,560	556,431	567,925	11,494	2.04	2.75
Hub Power Company Limited (AA+, PACRA) (note 6.1.2.1)	Quarterly	May 21, 2020	3 months KIBOR plus base rate of 1.50%	-	5,000	5,000	-	-	-	-	-	-
Hub Power Company Limited (AA+, PACRA) (note 6.1.2.1)	Quarterly	March 19, 2024	1 year KIBOR plus base rate of 1.90%	-	6,850	-	6,850	685,000	685,000	-	2.47	3.31
Engro Powergen Thar (Private) Limited (A, PACRA, traded) (note 6.1.2.1)	Quarterly	August 2, 2024	3 months KIBOR plus base rate of 1.10%	-	53,000	3,000	50,000	250,000	250,750	750	0.90	1.21
PHARMACEUTICALS												
AGP Limited (A+, PACRA, non-traded) (note 6.1.2.1)	Quarterly	June 9, 2022	3 months KIBOR plus base rate of 1.30%	1,712	191	592	1,311	131,265	131,311	46	0.47	0.64
CEMENT & CONSTRUCTION												
Javedan Corporation Limited (AA-,VIS, non-traded) (note 6.1.2.1 & note 6.1.2.3)	Semi-annually / At maturity	October 4, 2026	6 months KIBOR plus base rate of 1.75%	1,000	-	-	1,000	99,535	99,998	463	0.36	0.48
STEEL & ALLIED PRODUCTS												
Agha Steel Industries Limited (A, VIS) (note 6.1.2.1)	Quarterly / At maturity	October 9, 2024	3 months KIBOR plus base rate of 0.80%	250	-	-	250	250,000	250,000	-	0.90	1.21
CHEMICALS												
Engro Polymer and Chemicals Limited (AA, PACRA, non-traded) (note 6.1.2.1)	Quarterly / At end of 5.5 years	July 11, 2026	3 months KIBOR plus base rate of 0.90%	3,000	-	-	3,000	301,406	304,644	3,238	1.10	1.47
TEXTILE COMPOSITE												
Masood Textile Mills Limited (A, VIS, non-traded) (note 6.1.2.1)	Quarterly	December 17, 2024	3 months KIBOR plus base rate of 2.00%	-	165	15	150	150,000	148,776	(1,224)	0.54	0.72
MISCELLANEOUS												
International Brands Limited (AA,-VIS, traded) (note 6.1.2.1)	Quarterly	November 15, 2021	3 months KIBOR plus base rate of 0.50%	4,000	-	1,141	2,859	280,051	283,053	3,002	1.02	1.37
Shakarganj Food Products Limited (A, VIS, traded) (note 6.1.2.1 & note 6.1.2.3)	Quarterly / At maturity	July 10, 2024	3 months KIBOR plus base rate of 1.75%	100	-	15	85	83,160	85,000	1,840	0.31	0.41
Total as at June 30, 2020								**4,481,677**	**4,505,045**	**23,368**	**16.22**	**21.80**
Total as at June 30, 2019								**3,696,593**	**3,677,722**	**(18,872)**	**38.83**	**56.98**

* In case of debt securities against which provision has been made, these are carried at carrying value less provision.

6.1.2.1 The nominal value of these sukuk certificates is Rs 5,000 each except for the sukuk certificates of Eden Housing Limited having nominal value of Rs 984.375, International Brands Limited, AGP Limited, Javedan Corporation Limited, Engro Fertilizer Limited, Engro Polymer and Chemicals Limited and Hub Power Company Limited having nominal value of Rs. 100,000 each and Dubai Islamic Bank Pakistan Limited, Meezan Bank Limited, Shakarganj Food Products Limited, Agha Steel Industries Limited and Masood Textile Mills Limited having nominal value of Rs 1,000,000 each respectively.

6.1.2.2 The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Al Meezan Investment Management Limited (the Management Company) classified Meezan Islamic Income Fund (the Fund) as an 'Income Scheme' in accordance with the said circular. As at June 30, 2020, 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.

Following investments of the Funds are in sukuks which are below 'investment grade' securities:

Name of non-compliant investment	Type of Investment	Value of investment before provision	Provision held (if any)	Value of investment after provision	Percentage of	
					Net assets	Total assets
		---------- (Rupees in '000) ----------			---------%---------	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	70,000	70,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	58,472	58,472	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	15,403	15,403	-	-	-
Hascol Petroleum Limited	Non-traded sukuk certificates	138,270	-	138,270	0.50	0.49
Total - June 30, 2020		**282,145**	**143,875**	**138,270**	**0.50**	**0.49**
Total - June 30, 2019		**143,875**	**143,875**	**-**	**-**	-

6.1.2.2.1 On May 6, 2011, Arzoo Textile Mills Limited and Eden Housing Limited sukuk certificates have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 70 million and Rs. 58.472 million respectively have also been held as provision against the outstanding principal as at June 30, 2020.

6.1.2.2.2 The agreement with Security Leasing Corporation Limited (SLCL) had been amended on February 19, 2012. In accordance with the revised terms no mark-up is payable on the said sukuk as per the approval of 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 15.403 million has also been held as provision against the outstanding principal as at June 30, 2020.

6.1.2.2.3 In accordance with the requirements of SECP's Circular No. 7 of 2009, rating of any debt security in the portfolio of Income Scheme shall not be lower than the investment grade. Sukuk of Hascol Peroleum Limited has been assigned a credit rating of BBB- by VIS dated April 17, 2020 (2019: AA dated April 24, 2019) making it non-compliant.

6.1.2.3 Circular No. 33 of 2012 allows the asset manager to apply a mark up/mark down within available limit for valuation of any specific debt security. Exercising the discretionary power, the above mentioned Sukuks of Javedan Corporation Limited has been valued at a discretionary rate of 99.9978 when the reported market rate on MUFAP valuation sheet as at June 30, 2020 was 102.0045.

6.1.2.4 Sukuk certificates of Agha Steel Industries Limited, Hub Power Company Limited, Power Holding Limited (Pakistan Energy Sukuk II) and K Electric Limited are carried at their cost as they are not valued by MUFAP / at PKISRV.

6.2 **Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss**	**Note**	**2020**	**2019**
		-------- (Rupees in '000) --------	
Market value of investments	6.1.1 , 6.1.2 6.3 & 6.4	16,708,850	6,454,219
Carrying value of investments	6.1.1 , 6.1.2 6.3 & 6.4	(16,691,092)	(6,473,090)
		17,758	(18,871)

6.3 Details of certificates of musharakah

Name of the investee company	Maturity date	Profit rate	As at July 1, 2019	Placed during the year	Matured during the year	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation/ (diminution)	Percentage in relation	
									Net assets of the Fund	Total market value of investment
		%	---------- (Rupees in '000) ----------						---------- % ----------	
Orix Modaraba	September 14, 2019	10.47-12.72	600,000	-	600,000	-	-	-	-	-
Orix Modaraba	September 27, 2019	10.69-12.94	150,000	-	150,000	-	-	-	-	-
Orix Modaraba	September 4, 2020	13.92	-	200,000	200,000	-	-	-	-	-
Orix Modaraba	September 4, 2020	13.92	-	200,000	200,000	-	-	-	-	-
Orix Modaraba	September 16, 2020	13.84	-	200,000	200,000	-	-	-	-	-
Orix Modaraba	April 29, 2021	8.67	-	200,000	-	200,000	200,000	-	0.72	0.97
Orix Modaraba	April 29, 2021	8.67		200,000	-	200,000	200,000	-	0.72	0.97
Orix Modaraba	April 29, 2021	8.59		200,000	-	200,000	200,000	-	0.72	0.97
First Habib Modaraba	July 14, 2020	13.35 - 8.05	-	300,000	-	300,000	300,000	-	1.08	1.45
First Habib Modaraba	July 17, 2020	13.35 - 8.05	-	200,000	-	200,000	200,000	-	0.72	0.97
First Habib Modaraba	July 23, 2020	13.35 - 8.05	-	250,000	-	250,000	250,000	-	0.90	1.21
First Habib Modaraba	July 28, 2020	13.35 - 8.05	-	250,000	-	250,000	250,000	-	0.90	1.21
Total as at June 30, 2020			**750,000**	**2,200,000**	**1,350,000**	**1,600,000**	**1,600,000**	**-**	**5.76**	**7.74**
Total as at June 30, 2019			**900,000**	**1,662,798**	**1,812,798**	**750,000**	**750,000**	**-**	**7.92**	**11.62**

6.4 Commercial papers

Name of the security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemptions / maturity during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Percentage in relation	
									Net assets of the Fund	Total market value of investment
			(Number of certificates)				(Rupees in '000)		---------- % ----------	
Hascol Petroleum Limited CP - 3 (note 6.3.1)	July 15, 2019	6 months KIBOR plus base rate of 1.50%	400	-	400	-	-	-	-	-
K-Electric Limited CP-2 (note 6.3.1)	September 2, 2019	6 months KIBOR plus base rate of 0.90%	1,001	-	1,001	-	-	-	-	-
TPL Corp Limited CP (note 6.5.1)	January 11, 2020	6 months KIBOR plus base rate of 2.75%	50	-	50	-	-	-	-	-
K-Electric Limited CP-A (note 6.3.1)	February 28, 2020	6 months KIBOR plus base rate of 1.30%	-	1,200	1,200	-	-	-	-	-
K-Electric Limited CP-3 (note 6.3.1)	March 19, 2020	6 months KIBOR plus base rate of 1.30%	-	1,180	1,180	-	-	-	-	-
K-Electric Limited CP-6 (note 6.3.1)	August 26, 2020	6 months KIBOR plus base rate of 1.15%	-	3,000	2,400	600	587,440	587,440	2.11	2.84
K-Electric Limited CP-7 (note 6.3.1)	September 10, 2020	6 months KIBOR plus base rate of 1.15%	-	3,750	3,000	750	731,381	731,381	2.63	3.54
K-Electric Limited CP-8 (note 6.3.1)	October 6, 2020	6 months KIBOR plus base rate of 1.15%	-	1,050	840	210	203,594	203,594	0.73	0.99
Total as at June 30, 2020							**1,522,415**	**1,522,415**	**5.47**	**7.37**
Total as at June 30, 2019							**1,426,497**	**1,426,497**	**15.06**	**22.10**

6.4.1 The nominal value of these commercial papers is Rs 1,000,000 each.

6.5 Bai Muajjal receivable

Name of the counterparty	Maturity date	Profit rate	Total Transaction Price	Deferred Income	Accrued Profit	Carrying value
			(Rupees in '000)			
Pak Kuwait Investment Company (AAA, PACRA) (note 6.5.1)	January 28, 2021	12.55%	1,103,660	123,064	51,923	1,032,519
Pak Kuwait Investment Company (AAA, PACRA) (note 6.5.1)	July 30, 2020	12.70%	626,110	37,288	31,141	619,963
Pak Oman Investment Company Limited (AA+, VIS) (note 6.5.2)	January 5, 2021	13.00%	802,147	92,282	44,751	754,616
United Bank Limited (AAA, VIS) (note 6.5.2)	September 25, 2020	12.45%	531,498	36,157	21,627	516,968
United Bank Limited (AAA, VIS) (note 6.5.2)	September 21, 2020	12.45%	1,061,330	72,201	44,535	1,033,664
Total as at June 30, 2020			**4,124,745**	**360,992**	**193,977**	**3,957,730**
Total as at June 30, 2019			-	-	-	-

6.5.1 These Bai Muajjal Transactions are carried out against K-Electric Limited Commercial Paper A which was issued on August 27, 2019.

6.5.2 These Bai Muajjal Transactions are carried out against K-Electric Limited Commercial Paper III which was issued on September 19, 2019.

	Note	2020	2019
7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		-------- (Rupees in '000) --------	
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepayments		2,966	2,970
Advance tax	7.1	2,881	2,881
Profit receivable on balances with banks		33,027	44,569
Profit receivable on sukuk certificates		201,784	146,371
Profit receivable on certificates of musharakah		58,553	62,091
		299,311	258,982

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on debt paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholdee. The tax withheld on profit on debt amounts to Rs. 2.881 million (2019: Rs. 2.881 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial 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, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	2020	2019
8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED		-------- (Rupees in '000) --------	
Management fee payable	8.1	1,038	6,904
Sindh Sales Tax on Management fee payable	8.2	135	898
Allocated expenses payable	15	3,548	872
Selling and marketing expenses payable	16	28,001	10,591
Sales load payable		1,583	523
Sindh Sales Tax on sales load payable		206	68
Certificate charges		1	1
		34,512	19,857

8.1 As per regulation 61 of the NBFC Regulations, 2008,the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. During the year, the Management Company has charged the remuneration to 6.5% (2019:6.5%) of gross earnings of the Fund subject to the minimum of 0.5% of average annual net assets and maximum of 1.5% of average annual net assets.

8.2 During the year, an amount of Rs. 22.459 million (2019: Rs 10.902 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. 23.222 million (2019: Rs. 10.753 million) has been paid to the Management Company which acts as a collecting agent.

	Note	2020	2019
		-------- (Rupees in '000) --------	
9 PAYABLE TO CENTRAL DEPORSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee payable	9.1	1,764	742
Sindh Sales Tax payable on trustee fee	9.2	229	96
		1,993	838

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

Previous Tariff		Revised Tariff (Flat Rate)
Net Assets (Rs.)	**Fee**	
- up to Rs. 1 billion	Rs 0.6 million or 0.17% per annum of net assets, whichever is higher.	0.075% p.a. of Net Assets
- Rs 1 billion to Rs. 10 billion	Rs 1.7 million plus 0.085% p.a. of net assets exceeding Rs 1 billion	
- over Rs. 10 billion	Rs 5.1 million plus 0.07% p.a. of net assets exceeding Rs 5 billion	

9.2 During the year, an amount of Rs 2.079 million (2019: Rs. 1.157 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. 1.946 million (2019: Rs. 1.151 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as an Income Scheme is required to pay annual fee to the Securities and Exchange Commission of Pakistan.

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to income fund was 0.075%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

	Note	2020	2019
		-------- (Rupees in '000) --------	
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		431	430
Printing expenses payable		566	566
Brokerage payable		1,005	159
Shariah advisor fee payable		538	529
Withholding tax payable		163,288	37,969
Capital gain tax payable		39,898	11,065
Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	85,128	38,755
Zakat payable		172	187
Other Accrued expenses Payable		347	-
Provision for Federal Excise Duty payable on remuneration of the Management Company and related Sindh Sales Tax	11.2	50,417	50,417
Provision for Federal Excise Duty payable on sales load and related Sindh Sales Tax	11.2	2,642	2,642
		344,432	142,719

11.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.16 per unit (2019: Re 0.21 per unit).

11.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 53.059 million (2019: 53.059 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2020 would have been higher by Re 0.10 (2019: Re 0.29) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

13 AUDITORS' REMUNERATION

	2020	2019
	-------- (Rupees in '000) --------	
Annual audit fee	401	364
Half yearly review	130	137
Fee for other certifications	92	100
Out of pocket expenses	7	43
	630	644

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 1.81% which includes 0.35% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, Federal excise Duties, Annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

15 ALLOCATED EXPENSES

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund for the period from July 1, 2019 to July 21, 2019 and 0.15% for the period from July 22, 2019 to June 30, 2020.

16 SELLING AND MARKETING EXPENSES

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 a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, The Management Company, based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per Section 4B of the Income Tax Ordinance, 2001.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

18.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and executives of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

18.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

18.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

18.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

18.5 The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

Balances	2020	2019
	-------- (Rupees in '000) --------	
Al Meezan Investment Management Limited (Management Company)		
Management fee payable	1,038	6,904
Sindh Sales Tax on management fee payable	135	898
Sales load payable	1,583	523
Sindh Sales Tax on sales load payable	206	68
Allocated expenses payable	3,548	872
Selling and marketing expense payable	28,001	10,591
Certificate charges payable	1	1
Investment of nil (2019: 1,287,879 units)	-	66,244
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Security deposit refundable	100	100
Trustee fee payable	1,764	742
Sindh Sales Tax on trustee fee payable	229	96
Meezan Bank Limited		
Profit receivable on saving account	300	466
Profit receivable on sukuk certificates	11,986	13,925
Balances with bank	267,669	44,405
Investment as at June 30, 2020: 298 sukuk certificates (2019: 368)	305,450	367,991
Sales load payable	2,554	353
Sindh Sales Tax on sales load payable	332	46
MSAF - Meezan Strategic Allocation Plan-I		
Investment of 4,198,624 units (2019: 4,983,963 units)	216,085	256,359
MSAF - Meezan Strategic Allocation Plan-II		
Investment 2,417,775 units (2019: 3,408,091 units)	124,432	175,301
MSAF - Meezan Strategic Allocation Plan-III		
Investment of 3,979,255 units (2019: 4,056,911 units)	204,795	208,674
MSAF - Meezan Strategic Allocation Plan-IV		
Investment of 4,020,730 units (2019: 4,583,447 units)	206,929	235,757
MSAF - Meezan Strategic Allocation Plan-V		
Investment of 1,037,053 units (2019: 787,065 units)	53,373	40,484
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Investment of 1,226,417 units (2019: 882,014 units)	63,118	45,368
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Investment of 1,059,604 units (2019: 981,323 units)	54,533	50,476
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Investment of 1,988,870 units (2019: 1,598,392 units)	102,358	82,216
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment of 1,740,132 units (2019: nil)	89,557	-

	2020	2019
	-------- (Rupees in '000) --------	
Directors and Executives of the Management Company		
Investment of 704,165 units (2019: 288,053 units)	36,240	14,816
Transactions during the year		
Al Meezan Investment Management Limited (Management Company)		
Remuneration charged	172,759	83,862
Sindh Sales Tax on remuneration of the Management Company	22,459	10,902
Allocated expenses	31,663	10,431
Selling and marketing expense	85,284	12,175
Issuance of 10,893,546 units (2019: 19,377,264 units)	617,303	1,024,536
Redemption of 12,181,425 units (2019: 36,569,066 units)	686,274	1,934,100
Dividend paid	-	19,777
Refund of capital	-	25,652
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Remuneration of the Trustee	15,991	8,901
Sindh Sales Tax on remuneration of the Trustee	2,079	1,157
CDS charges	554	132
Meezan Bank Limited		
Profit on saving account	22,663	2,360
Profit on sukuk certificates	47,032	33,482
Purchase of nil (2019: 118 Sukuk certificates)	-	117,982
Sale of 70 sukuk certificates (2019: 50 sukuk certificates)	70,185	50,000
MSAF - Meezan Strategic Allocation Plan-I		
Issuance of 9,902,983 units (2019: 3,478,440 units)	553,247	184,183
Redemption of 10,688,322 units (2019: 6,230,785 units)	578,346	338,170
Dividend paid	151	22,416
Refund of capital	22,054	13,267
MSAF - Meezan Strategic Allocation Plan-II		
Issuance of 5,794,550 units (2019: 2,436,108 units)	322,933	128,839
Redemption of 6,784,866 units (2019: 3,606,855 units)	365,171	196,920
Dividend paid	87	15,018
Refund of capital	12,684	7,821
MSAF - Meezan Strategic Allocation Plan-III		
Issuance of 9,143,865 units (2019: 2,818,997 units)	511,648	149,303
Redemption of 9,221,520 units (2019: 2,624,988 units)	500,473	144,610
Dividend paid	143	15,330
Refund of capital	20,875	8,371
MSAF - Meezan Strategic Allocation Plan-IV		
Issuance of 9,386,616 units (2019: 2,928,468 units)	524,549	155,283
Redemption of 9,949,333 units (2019: 2,939,687 units)	538,456	161,920
Dividend paid	144	17,929
Refund of capital	21,093	9,354

	2020	2019
	-------- (Rupees in '000) --------	
MSAF - Meezan Strategic Allocation Plan-V		
Issuance of 2,350,251 units (2019: 970,684 units)	131,884	51,657
Redemption of 2,100,264 units (2019: 547,181 units)	114,762	30,210
Dividend paid	37	1,564
Refund of capital	5,440	2,187
MSAF II - Meezan Capital Preservation Plan-V		
Issuance of nil (2019: 112,077 units)	-	6,100
Redemption of nil (2019: 112,077 units)	-	6,106
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Issuance of 2,529,578 units (2019: 183,808 units)	138,593	9,522
Redemption of 2,185,175 units (2019: 462,931 units)	122,360	25,009
Dividend paid	44	5,558
Refund of capital	6,434	300
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Issuance of 1,963,669 units (2019: 137,126 units)	107,506	7,057
Redemption of 1,885,388 units (2019: 600,946 units)	104,931	31,858
Dividend paid	38	6,481
Refund of capital	5,559	374
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Issuance of 3,556,655 units (2019: 400,310 units)	194,763	20,815
Redemption of 3,166,178 units (2019: 781,822 units)	176,898	41,377
Dividend paid	71	9,743
Refund of capital	10,434	600
Meezan Financial Planning Fund of Funds - MAAP - I		
Issuance of 7,160,154 units (2019: 1,636,590 units)	386,147	87,140
Redemption of 5,420,022 units (2019: 5,104,522 units)	291,706	280,151
Dividend paid	62	4,610
Refund of capital	9,129	3,003
Meezan Financial Planning Fund of Funds - MAAP - IV		
Issuance of nil (2019: 63,834 units)	-	3,280
Redemption of nil (2019: 1,558,051 units)	-	80,267
Dividend paid	-	1,736
Refund of capital	-	1,544
Al Meezan Investment Management Limited - Employees' Gratuity Fund		
Issuance of nil (2019: 9,077 units)	-	466
Redemption of nil (2019: 221,676 units)	-	12,275
Dividend paid	-	2
Refund of capital	-	465

	2020	2019
	-------- (Rupees in '000) --------	
Directors and Executives of the Management Company		
Issuance of 17,972,315 units (2019: 3,793,334 units)	942,651	201,805
Redemption of 17,556,203 units (2019: 3,801,709 units)	945,155	203,069
Dividend paid	1,553	791
Refund of capital	2,344	947

19 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	Total
	---------- (Rupees in '000) ----------		
Financial assets			
Balances with banks	6,857,317	-	6,857,317
Investments	-	20,666,580	20,666,580
Receivable against conversion of units	425,168	-	425,168
Deposits and other receivables	293,464	-	293,464
	7,575,949	20,666,580	28,242,529

	2020		
	At fair value through profit or loss	At amortised cost	Total
	---------- (Rupees in '000) ----------		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	34,512	34,512
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,993	1,993
Payable to Meezan Bank Limited		2,886	2,886
Payable against conversion and redemption of units	-	83,924	83,924
Accrued expenses and other liabilities	-	2,887	2,887
	-	**126,202**	**126,202**

	2019		
	At amortised cost	At fair value through profit or loss	Total
	---------- (Rupees in '000) ----------		
Financial assets			
Balances with banks	2,971,017	-	2,971,017
Investments	-	6,454,219	6,454,219
Receivable against conversion of units	3,802	-	3,802
Deposits and other receivables	253,131	-	253,131
	3,227,950	**6,454,219**	**9,682,169**

	2019		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	19,857	19,857
Payable to Central Depository Company of Pakistan Limited - Trustee	-	838	838
Payable to Meezan Bank Limited	-	399	399
Payable against conversion and redemption of units	-	45,063	45,063
Accrued expenses and other liabilities	-	1,684	1,684
	-	67,841	67,841

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

20.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks, investments in sukuk certificates, commercial papers and certificates of musharakah. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based sukuks certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 220.437 million (2019: Rs. 79.987 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, the Fund did not hold any fixed rate instrument that may expose the fund to fair value profit rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for GoP ijarah sukuks and with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs 54.801 million (2019: Rs 14.265 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:

	2020					
		Exposed to yield / profit rate risk				
	Effective yield / profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Total
		(Rupees in '000)				
Financial assets						
Balances with banks	1.50% - 7.50%	6,857,273	-	-	44	6,857,317
Investments - Sukuk certificates	KIBOR + 0.5% - KIBOR + 2.50%	4,155,047	349,998	-	-	4,505,045
Investments - Government securities	KIBOR + (0.10)% - KIBOR + 0.5%	-	9,081,390	-	-	9,081,390
Investments - Others	12.45% - 13.00%	5,480,145	-	-	-	5,480,145
Receivable against conversion of units		-	-	-	425,168	425,168
Deposits and other receivables		-	-	-	293,464	293,464
		16,492,465	**9,431,388**	**-**	**718,676**	**26,642,529**
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	34,512	34,512
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,993	1,993
Payable to Meezan Bank Limited		-	-	-	2,886	2,886
Payable against conversion and redemption of units		-	-	-	83,924	83,924
Accrued expenses and other liabilities		-	-	-	2,887	2,887
		-	**-**	**-**	**126,202**	**126,202**
On-balance sheet gap (a)		**16,492,465**	**9,431,388**	**-**	**592,474**	**26,516,327**
Off-balance sheet financial instruments		**-**	**-**	**-**	**-**	**-**
Off-balance sheet gap (b)		**-**	**-**	**-**	**-**	**-**
Total interest rate sensitivity gap (a+b)		**16,492,465**	**9,431,388**	**-**		
Cumulative interest rate sensitivity gap		**16,492,465**	**25,923,853**	**25,923,853**		

	2019					
		Exposed to yield / profit rate risk				
	Effective yield / profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Total
		(Rupees in '000)				
Financial assets						
Balances with banks	3.32% - 12.50%	2,970,973	-	-	44	2,971,017
Investments - Sukuk certificates	KIBOR + 0.50% - KIBOR + 2.50%	4,027,866	249,856	-	-	4,277,722
Investments - Government securities sukuk certificates	5.24% - 5.59%	-	-	-	-	-
Investments - Others	12.72% - 12.94%	2,130,067	46,430	-	-	2,176,497
Receivable against conversion of units		-	-	-	3,802	3,802
Deposits and other receivables		-	-	-	253,131	253,131
		9,128,906	**296,286**	**-**	**256,977**	**9,682,169**
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	19,857	19,857
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	838	838
Payable to Meezan Bank Limited		-	-	-	399	399
Payable against conversion and redemption of units		-	-	-	45,063	45,063
Accrued expenses and other liabilities		-	-	-	1,684	1,684
		-	**-**	**-**	**67,841**	**67,841**
On-balance sheet gap (a)		**9,128,906**	**296,286**	**-**	**189,136**	**9,614,328**
Off-balance sheet financial instruments		**-**	**-**	**-**	**-**	**-**
Off-balance sheet gap (b)		**-**	**-**	**-**	**-**	**-**
Total interest rate sensitivity gap (a+b)		**9,128,906**	**296,286**	**-**		
Cumulative interest rate sensitivity gap		**9,128,906**	**9,425,192**	**9,425,192**		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of June 30, 2020.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	(Rupees in '000)						
Financial assets							
Balances with banks	6,857,317	-	-	-	-	-	6,857,317
Investments	1,619,964	2,869,453	2,590,728	3,424,229	10,162,206	-	20,666,580
Receivable against conversion of units	425,168	-	-	-	-	-	425,168
Deposits and other receivables	137,869	67,614	87,881	-	-	100	293,464
	9,040,318	**2,937,067**	**2,678,609**	**3,424,229**	**10,162,206**	**100**	**28,242,529**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	34,512	-	-	-	-	-	34,512
Payable to Central Depository Company of Pakistan Limited - Trustee	1,993	-	-	-	-	-	1,993
Payable to Meezan Bank Limited	2,886	-	-	-	-	-	2,886
Payable against conversion and redemption of units	83,924	-	-	-	-	-	83,924
Accrued expenses and other liabilities	1,352	969	566	-	-	-	2,887
	124,667	**969**	**566**	**-**	**-**	**-**	**126,202**
Net assets / (liabilities)	**8,915,651**	**2,936,098**	**2,678,043**	**3,424,229**	**10,162,206**	**100**	**28,116,327**

	2019						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	(Rupees in '000)						
Financial assets							
Balances with banks	2,971,017	-	-	-	-	-	2,971,017
Investments	492,792	1,752,688	1,179,552	398,025	2,631,162	-	6,454,219
Receivable against conversion of units	3,802	-	-	-	-	-	3,802
Deposits and other receivables	110,371	137,586	5,074	-	-	100	253,131
	3,577,982	**1,890,274**	**1,184,626**	**398,025**	**2,631,162**	**100**	**9,682,169**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	19,857	-	-	-	-	-	19,857
Payable to Central Depository Company of Pakistan Limited - Trustee	838	-	-	-	-	-	838
Payable to Meezan Bank Limited	399	-	-	-	-	-	399
Payable against conversion and redemption of units	45,063	-	-	-	-	-	45,063
Accrued expenses and other liabilities	159	959	566	-	-	-	1,684
	66,316	**959**	**566**	**-**	**-**	**-**	**67,841**
Net assets / (liabilities)	**3,511,666**	**1,889,315**	**1,184,060**	**398,025**	**2,631,162**	**100**	**9,614,328**

20.3 Credit risk

20.3.1 Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, receivable against issuance and conversion and receivable against sale of investments.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	(Rupees in '000)			
Balance with banks and term deposits	6,857,317	6,857,317	2,971,017	2,971,017
Investments in debt instruments	20,666,580	11,585,190	6,454,219	5,854,219
Receivable against conversion of units	425,168	425,168	3,802	3,802
Deposits and other receivables	293,464	293,464	253,131	253,131
	28,242,529	**19,161,139**	**9,682,169**	**9,082,169**

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon and receivable against conversion of units and against investments, term deposit receipts, certificates of musharakah and investments in sukuk certificates. The credit rating profile of balances with banks is as follows:

	% of financial assets exposed to credit risk	
Rating	**2020**	**2019**
AAA	9%	-
AA+	4%	3%
AA-	17%	10%
AA	-	-
A+	69%	-
A	1%	87%
	100%	**100%**

Ratings of sukuks (other than Government secutirites) have been disclosed in related notes to the financial statements. GoP Ijarah Sukuks are government guaranteed.

20.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The Fund does not have any collateral against any of the aforementioned assets. The issuer of the 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).

21 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Sukuk certificates	-	13,586,435	-
Certificates of musharakah*	-	1,600,000	-
Commercial papers**	-	1,522,415	-
Bai Muajjal receivable**	-	3,957,730	-
	-	**20,666,580**	**-**

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Sukuk certificates	-	4,277,722	-
Certificates of musharakah*	-	750,000	-
Commercial papers**	-	1,426,497	-
	-	**6,454,219**	**-**

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers has been done based on amortisation of commercial paper to its face value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating. The commercial papers having maturity slightly more than six months have also been valued on the same basis.

22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	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	16,699	21,524,421	77.49%	8,013	5,843,987	61.70%
Associated Companies / Directors	12	1,126,414	4.06%	11	1,165,459	12.31%
Insurance Companies	6	131,409	0.47%	9	165,187	1.74%
Banks and DFIs	1	12	0.00%	1	11	0.00%
Retirement Funds	87	929,494	3.35%	80	1,044,589	11.03%
Private Limited Companies	52	2,735,579	9.85%	24	234,087	2.47%
Public Limited Companies	2	1,255	0.00%	3	1,770	0.02%
Others	41	1,327,781	4.78%	66	1,016,232	10.73%
	16,900	**27,776,365**	**100.00%**	**8,207**	**9,471,322**	**100.00%**

24 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Paramount Capital (Private) Limited	10.67%	Paramount Capital (Private) Limited	31.98%
Invest One Markets Limited	69.14%	Invest One Markets Limited	0.00%
BMA Capital Management Limited	0.00%	BMA Capital Management Limited	9.36%
JS Global Capital Limited	4.97%	JS Global Capital Limited	46.23%
Next Capital Limited	11.74%	Next Capital Limited	10.50%
Vector Capital (Private) Limited	0.00%	Vector Capital (Private) Limited	2.93%
C & M Management (Private) Limited	0.38%	C & M Management (Private) Limited	0.00%
BIPL Securities Limited	3.10%	BIPL Securities Limited	0.00%

24.1 The fund has traded with only the above mentioned 6 brokers / dealers during the year ended June 30, 2020 (2019: 5 brokers / dealers).

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM /MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Nine years

25.1 The Fund manager of the Fund is Mr. Faizan Saleem. Other Funds being managed by the Fund Manager are as follows:

- Meezan Cash Fund;
- Meezan Sovereign Fund; and
- Meezan Rozana Amdani Fund.

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	April 15, 2020	Jun 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidw ai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

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 13, 2020**.

29 GENERAL

29.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

29.2 Operational Risk Management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

29.3 Figures have been rounded off to the nearest thousand Rupee unless otherwise stated.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

Meezan
Sovereign Fund

Meezan Sovereign Fund (MSF)

Meezan Sovereign Fund is Pakistan's first Shariah compliant Government Securities Fund. The purpose of the fund is to provide maximum possible preservation of capital and a reasonable rate of return by investing primarily in Shariah compliant Government Securities.

ALL NEW STATE OF THE ART **MOBILE APPLICATION**

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. ljaz 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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	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
Al Baraka Islamic Bank B.S.C (E.C)
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
Habib Bank Limited -Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking
Sindh Bank Limited
Soneri Bank Limited
The Bank Of Punjab Limited
UBL Ameen - Islamic Banking

LEGAL ADVISER
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Phone (9221) 35156191-94 Fax: (9221) 35156195
E-mail:

TRANSFER AGENT
Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER
Meezan Sovereign Fund (MSF)

Type of Fund

Open end Sovereign mutual fund which falls under the category of Income Funds.

Objective

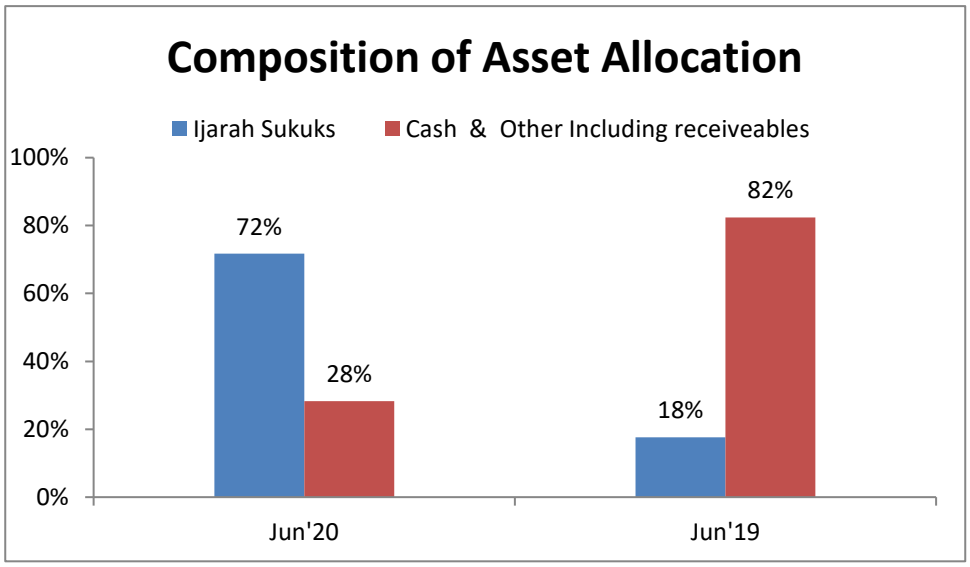
The Fund's primary objective is to provide investors with a low risk and stable rate of current income by primarily investing in Shariah Compliant Sovereign Securities.

Investment Policy and Strategy

The investment policy of the fund demarcates that at least 70% of the net assets of the fund shall be invested in Shariah compliant fixed income government securities on a monthly average basis while at least 10% of the fund size has to be maintained in cash on a monthly average basis. The remaining allocation can be in other permissible Islamic investment avenues. The instruments in which MSF invests are Sovereign Sukuks (Islamic Bonds), Musharaka and Murabaha instruments, Certificate of Islamic Investments, Islamic bank deposits and other Sovereign Islamic income products.

Sector Allocation for the year ended FY19 and FY20

The asset allocation of the fund on June 30, 2019 and June 30, 2020 is as follows:



Performance Review

Meezan Sovereign Fund (MSF) provided a return of 11.17% to its investors for the year ended June 30, 2020 against a benchmark return of 7.93%.

	MSF	Six Month deposits at Islamic Banks
Net Asset Value as on June 30, 2019	51.53	
Net Asset Value as on June 30, 2020	51.55	
Return for the year	11.17%	7.93%
Outperformance	3.24%	

Benchmark: 6 Month PKISRV Rate

During the year, the Fund earned a gross income of Rs. 559 million, which was primarily due to profit on Sukuks certificates worth Rs. 214 million. Profit on saving accounts at Islamic banks contributed Rs. 346 million. On the other side, the fund accrued realized loss and unrealized gain worth Rs. 0.9 million and Rs. 0.2 million respectively. The fund also incurred expenses totalling to Rs. 75 million, which brought the net income figure to Rs. 484 million. The net assets of the Fund as at June 30, 2020 were Rs. 9,736 million as compared to Rs. 5,705 million at the end of last year depicting an increase of 71%. The net asset value per unit as at June 30, 2020 was Rs. 51.55 (Ex-dividend) as compared to Rs. 51.53 per unit as on June 30, 2019.

Distributions

Interim Pay-out by the Fund during the fiscal year ended June 30, 2020 was Rs. 5.70 per unit (11.40%). Total distribution made by the fund was Rs. 973 million.

Fund Stability Rating

JCR-VIS Credit Rating Company has assigned Stability Rating of AA- (f) to Meezan Sovereign Fund.

Unit holder Break down:

(As on June 30, 2020)

Range (Units)	No. of investors
1 - 9,999	4,231
10,000 - 49,999	864
50,000 - 99,999	195
100,000 - 499,999	165
500,000 and above	51
Total	**5,506**

PERFORMANCE TABLE

	2020	2019	2018	2017	2016
Net assets (Rs. in '000) (ex-distribution)	**9,736,331**	5,705,149	2,120,516	4,354,375	7,944,746
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	**51.5476**	51.5293	52.7240	51.6400	50.8000
Offer price per unit as at June 30 (Rs.) (ex-distribution)	**51.8388**	55.3878	53.0219	51.6900	51.1400
Distribution (%)					
Interim					
- First quarter	**-**	-	-	-	-
- Second quarter	**-**	-	-	-	-
- Third quarter	**-**	-	-	5.50	4.50
- Fourth quarter	**11.4**	7.18	-	-	6.80
Annual					
Dates of distribution (interim)					
- First quarter	**-**	-	-	-	-
- Second quarter	**-**	-	-	-	-
- Third quarter	**-**	-	-	-	-
- Fourth quarter	**-**	28-Jun-19	-	23-Jun-17	29-Jun-16
Dates of distribution (annual)	26-Jun-20	-	July 6, 2018	-	July 3, 2015
Income distribution (Rs. in '000)	**973,049**	372,811	-	204,384	870,835
Growth distribution (Rs. in '000)	**-**	-	-	-	-
Highest offer price per unit (Rs.)	**57.5204**	55.3878	54.56	54.56	54.28
Lowest offer price per unit (Rs.)	**51.8202**	51.5952	51.13	51.13	50.86
Highest redemption price per unit (Rs.)	**57.1973**	55.0767	54.25	54.25	53.92
Lowest redemption price per unit (Rs.)	**51.5291**	51.3053	50.84	50.84	50.93
Total return (%)	**11.17**	7.02	2.57	6.57	5.12
Weighted Average Portfolio Duration (years)	0.34	1.83	1.55	1.55	0.03

	One Year	Two Year	Three Year	Four Year	Five Year
Average annual return (%) as at June 30, 2020	**11.17**	8.88	6.04	6.17	5.94

Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Sovereign Fund

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Tenth year of operations of Meezan Sovereign Fund (MSF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, we have prescribed criteria and procedures to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

i. We have reviewed and approved the modes of investments of MSF in light of the *Shari'ah* guidelines.

ii. All the provisions of the scheme and investments made on account of MSF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.

iii. On the basis of information provided by the management, all the operation of MSF for the year ended June 30, 2020 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shariah Advisor

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN SOVEREIGN FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Sovereign Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Sovereign Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Sovereign Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 7,182.290 million and balances with banks aggregated to Rs 2,580.042 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, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others 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, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and ▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

A.F. Ferguson & Co.
Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN SOVEREIGN FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
		----------Rupees in '000----------	
Assets			
Balances with banks	5	2,580,042	5,132,514
Investments	6	7,182,290	1,124,715
Receivable against conversion of units		149,747	59,236
Deposits, prepayments and other receivables	7	105,238	70,900
Total assets		10,017,317	6,387,365
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	8,724	4,228
Payable to Central Depository Company of Pakistan Limited - Trustee	9	536	538
Payable to the Securities and Exchange Commission of Pakistan	10	967	1,400
Payable to Meezan Bank Limited		412	68
Payable against redemption and conversion of units		106,266	562,316
Accrued expenses and other liabilities	11	164,081	113,666
Total liabilities		280,986	682,216
NET ASSETS		9,736,331	5,705,149
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		9,736,331	5,705,149
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		188,880,283	110,716,688
		(Rupees)	
NET ASSET VALUE PER UNIT		51.5476	51.5293

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN SOVEREIGN FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---------- Rupees in '000 ----------	
Income			
Profit on sukuk certificates		213,857	90,058
Net realised loss on sale of sukuk certificates		(916)	(12,436)
Profit on saving accounts with banks		345,984	83,846
		558,925	161,468
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	197	(1,455)
Total income		559,122	160,013
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	29,559	18,664
Sindh Sales Tax on remuneration of the Management Company	8.2	3,843	2,426
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,118	2,150
Sindh Sales Tax on remuneration of the Trustee	9.2	405	279
Annual fee to Securities and Exchange Commission of Pakistan	10.1	967	1,400
Auditors' remuneration	13	540	551
Fees and subscription		1,011	865
Brokerage expense		103	230
Bank and settlement charges		389	153
Allocated expenses	15	7,086	1,866
Selling and marketing expense	16	18,358	-
Provision for Sindh Workers' Welfare Fund	11.1	9,875	2,629
Total expenses		75,254	31,213
Net income for the year before taxation		483,868	128,800
Taxation	17	-	-
Net income for the year after taxation		483,868	128,800
Allocation of net income for the year			
Net income for the year after taxation		483,868	128,800
Income already paid on units redeemed		(212,643)	(33,199)
		271,225	95,601
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		271,225	95,601
		271,225	95,601

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN SOVEREIGN FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	---------- Rupees in '000 ----------	
Net income for the year after taxation	483,868	128,800
Other comprehensive income for the year	-	-
Total comprehensive income for the year	483,868	128,800

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN SOVEREIGN FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	5,409,260	295,889	5,705,149	1,792,404	328,112	2,120,516
Issue of 370,621,419 units (2019: 168,581,314 units)						
- Capital value (at net asset value per unit at the beginning of the year)	19,097,862	-	19,097,862	8,679,510	-	8,679,510
- Element of income	1,376,460	-	1,376,460	430,206	-	430,206
Total proceeds on issuance of units	20,474,322	-	20,474,322	9,109,716	-	9,109,716
Redemption of 292,457,824 units (2019: 98,083,798 units)						
- Capital value (at net asset value per unit at the beginning of the year)	15,070,147	-	15,070,147	5,049,903	-	5,049,903
- Element of loss	671,169	212,643	883,812	148,162	33,199	181,361
Total payments on redemption of units	15,741,316	212,643	15,953,959	5,198,065	33,199	5,231,264
Total comprehensive income for the year	-	483,868	483,868	-	128,800	128,800
Distribution for the year ended June 30, 2018	-	-	-	-	(37,026)	(37,026)
Distribution for the year ended June 30, 2019	-	-	-	-	(90,798)	(90,798)
Refund of Capital for the year ended June 30, 2018	-	-	-	(12,782)	-	(12,782)
Refund of Capital for the year ended June 30, 2019	-	-	-	(282,013)	-	(282,013)
Distribution for the year ended June 30, 2020	-	(269,405)	(269,405)	-	-	-
Refund of Capital for the year ended June 30, 2020	(703,644)	-	(703,644)	-	-	-
Total distribution during the year	(703,644)	(269,405)	(973,049)	(294,795)	(127,824)	(422,619)
Net assets at end of the year	**9,438,622**	**297,709**	**9,736,331**	**5,409,260**	**295,889**	**5,705,149**
Undistributed income brought forward						
- Realised income		297,344			360,148	
- Unrealised loss		(1,455)			(32,036)	
		295,889			328,112	
Accounting income available for distribution (after adjusting income already paid on units redeemed)					95,601	
- Relating to capital gains		-			-	
- Excluding capital gains		271,225			95,601	
		271,225			95,601	
Final distribution during the year at Rs. 1.2384 per unit i.e. 2.48% of the par value of Rs. 50/- each (July 6, 2018)		-			(37,026)	
Interim distribution during the year at Rs. 3.5911 per unit i.e. 7.18% of the par value of Rs. 50/- each (June 28, 2019)		-			(90,798)	
Interim distribution during the year at Rs. 5.6990 per unit i.e. 11.40% of the par value of Rs. 50/- each (June 26, 2020)		(269,405)			-	
Undistributed income carried forward		297,709			295,889	
Undistributed income carried forward						
- Realised income		297,512			297,344	
- Unrealised income / (loss)		197			(1,455)	
		297,709			295,889	
			(Rupees)			(Rupees)
Net asset value per unit at beginning of the year			51.5293			52.7240
Net asset value per unit at end of the year			51.5476			51.5293

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN SOVEREIGN FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---------- Rupees in '000 ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		483,868	128,800
Adjustments for:			
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(197)	1,455
Provision for Sindh Workers' Welfare Fund	11	9,875	2,629
		493,546	132,884
(Increase) / decrease in assets			
Investments - net		(6,057,378)	363,363
Deposits, prepayments and other receivables		(34,338)	(36,741)
		(6,091,716)	326,622
Increase / (decrease) in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		4,496	2,025
Payable to Central Depository Company of Pakistan - Trustee		(2)	318
Payable to Securities and Exchange Commission of Pakistan		(433)	(717)
Payable to Meezan Bank Limited		344	(254)
Accrued expenses and other liabilities		40,540	20,019
		44,945	21,391
Net cash (used in) / generated from operating activities		(5,553,225)	480,897
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units		19,680,167	8,787,154
Net payments against redemption of units		(16,410,009)	(4,680,795)
Dividend paid		(269,405)	(127,824)
Net cash generated from financing activities		3,000,753	3,978,535
Net (decrease) / increase in cash and cash equivalents		(2,552,472)	4,459,432
Cash and cash equivalents at the beginning of the year		5,132,514	673,082
Cash and cash equivalents at the end of the year	5	2,580,042	5,132,514

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN SOVEREIGN FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Sovereign Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 14, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.

1.2 The Fund has been formed to provide the unit holders maximum possible preservation of capital along with Halal and reasonable returns by investing primarily in a portfolio of Shariah compliant government securities thus, minimising the credit risk of investments. The Fund shall also keep an exposure in short-term near cash instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point of time. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.

1.3 The Fund is an open-end Shariah Compliant (Islamic) Income Scheme, listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

1.4 The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 29, 2018) and by PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of AA-(f) by VIS Credit Rating Company Limited.

1.5 The title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the approved accounting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and

- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- 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, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments classified as 'at fair value through profit or loss' measured at their fair values.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Funds operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.1.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

The Fund can only invest in equity securities for the purpose of spread transactions as approved by Shariah Advisor.

4.3.2 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recoginses loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.3.2.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

4.3.3 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

4.3.4 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.3.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

4.9 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement currently, on the date when the transaction takes place.

- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.

- Income on term deposit receipts and Government securities is recognised on a time proportionate basis using the effective yield method.

- Profit on saving account with banks is recognised on time proportion basis using the effective yield method.

4.12 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Provided that, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

4.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

4.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

		Note	2020	2019
5	**BALANCES WITH BANKS**		---------- Rupees in '000 ----------	
	Balances with banks in:			
	Savings accounts	5.1	2,577,198	5,129,670
	Current accounts		2,844	2,844
			2,580,042	5,132,514

5.1 The balances in saving accounts have expected profit rates ranging from 3.00% to 7.50% per annum (2019: 3.32% to 12.50% per annum).

		Note	2020	2019
6	**INVESTMENTS**		---------- Rupees in '000 ----------	
	Investments - 'at fair value through profit or loss'			
	Sukuk certificates	6.1	7,182,290	1,124,715

6.1 Sukuk Certificates

Government securities	6.1.1	7,050,000	950,000
Corporate sukuks	6.1.2	132,290	174,715
		7,182,290	1,124,715

6.1.1 Government securities

	Maturity Date	Rate of Return	As at July 01, 2019	Purchased during the year	Disposed /matured during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain as at June 30, 2020	Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
			------- Number of certificates -------				(Rupees in '000)			---------- Percentage ----------	
GoP Ijarah Sukuk Certificates - XX (note 6.1.1.1)	April 30, 2025	Weighted average 6 months T-Bills	-	1,870	1,870	-	-	-	-	-	-
Pakistan Energy Sukuk I (note 6.1.1.1)	March 1, 2029	6 months KIBOR plus base rate of 0.8%	190,000	-	20,000	170,000	850,000	850,000	-	8.73%	11.83%
Pakistan Energy Sukuk II (note 6.1.1.1)	May 20, 2030	6 months KIBOR minus base rate of 0.10%	-	1,240,000	-	1,240,000	6,200,000	6,200,000	-	63.68%	86.32%
Total - June 30, 2020							7,050,000	7,050,000	-	72.41%	98.16%
Total - June 30, 2019							950,000	950,000	-	16.65%	84.47%

6.1.1.1 The nominal value of these sukuk certificates is Rs 100,000 each except for Pakistan Energy Sukuk Certificates I and II having nominal value of Rs. 5,000 each.

6.1.2 Corporate sukuks

Name of the security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemp-tions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (diminu-tion) / appreciation as at June 30, 2020	Percentage in relation to	
										Net assets of the Fund	Total market value of investment
			(Number of certificates)				(Rupees in '000)			---------- % ----------	
Power generation & distribution											
Neelum Jhelum Hydropow er Company (Private) Limited (AAA,VIS, non-traded) (note 6.1.2.1)	June 29, 2026	6 months KIBOR plus base rate of 1.13%	1,706	-	416	1,290	132,093	132,290	197	1.36%	1.84%
Total - June 30, 2020							132,093	132,290	197		
Total - June 30, 2019							176,170	174,715	(1,455)		

6.1.2.1 The nominal value of these sukuk certificates is Rs 100,000 each.

		Note	2020	2019
6.2	**Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss**		-------- Rupees in 000 --------	
	Market value of investments	6.1.1 & 6.1.2	7,182,290	1,124,715
	Carrying value of investments	6.1.1 & 6.1.2	(7,182,093)	(1,126,170)
			197	(1,455)
7	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Security deposit with Central Depository Company of Pakistan Limited		100	100
	Prepayments		168	133
	Profit receivable on balances with banks		8,236	33,181
	Profit receivable on sukuk certificates		96,340	37,092
	Others		394	394
			105,238	70,900
8	**PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY**			
	Management fee payable	8.1	336	2,859
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	44	372
	Selling and marketing expense payable	16	6,964	-
	Allocated expenses payable	15	1,089	286
	Sales load payable		258	629
	Sindh sales tax on sales load payable		33	82
			8,724	4,228

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.6% (2019: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs 3.843 million (2019: Rs 2.426 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 4.171 million (2019: Rs 2.285 million) has been paid to the Management Company which acts as a collecting agent.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE	Note	2020	2019
		----------Rupees in 000----------	
Trustee fee payable	9.1	474	476
Sindh Sales Tax payable on trustee fee	9.2	62	62
		536	538

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed. Effective from July 1, 2019, the trustee has revised its tariff as under:

Previous Tariff		Revised Tariff (Flat Rate)
Net Assets (Rs.)	Fee	
Upto Rs. 1 billion	0.17% per annum of net assets	0.065% per annum of Net Assets.
Rs. 1 billion to Rs. 10 billion	Rs 1.7 million plus 0.075% p.a. of net assets exceeding Rs 1 billion	
Over Rs. 10 billion	Rs 5.1 million plus 0.07% p.a. of net assets exceeding Rs 10 billion	

9.2 During the year, an amount of Rs 0.405 million (2019: Rs 0.279 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 0.405 million (2019: Rs 0.243 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

10.1 In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as an Income Scheme is required to pay annual fee to the Securities and Exchange Commission of Pakistan.

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to Income Fund was 0.075%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020	2019
		----------Rupees in '000----------	
Auditors' remuneration payable		350	348
Printing charges payable		156	156
Brokerage payable		581	501
Shariah advisor fee payable		467	360
Withholding tax payable		46,089	12,021
Capital gain tax payable		7,163	968
Provision for Sindh Workers' Welfare Fund	11.1	26,406	16,531
Zakat payable		130	142
Other accrued expenses payable		100	-
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.2	80,077	80,077
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.2	2,562	2,562
		164,081	113,666

11.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.14 per unit (2019: Re 0.15 per unit).

11.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 82.639 million (2019: Rs 82.639 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2020 would have been higher by Re 0.44 (2019: Re. 0.75) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

13 AUDITORS' REMUNERATION

	2020	2019
	----------Rupees in '000----------	
Statutory audit fee	282	376
Half yearly review of condensed interim financial statements	130	140
Other certification charges	100	-
Out of pocket expenses	28	35
	540	551

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 1.57% which includes 0.32% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

15 ALLOCATED EXPENSES

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund for the period from July 1, 2019 to July 21, 2019 and 0.15% for the period from July 22, 2019 to June 30, 2020.

16 SELLING AND MARKETING EXPENSES

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 a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Effective from July 22, 2019, the Management Company has started charging selling and marketing expenses to the Fund. The Management Company, based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

17 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per section 4B of the Income Tax Ordinance, 2001.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

18.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and executives of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

18.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

18.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

18.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

18.5 The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

Balances	2020	2019
	----------Rupees in '000----------	
Al Meezan Investment Management Limited (Management Company)		
Management fee payable	336	2,859
Sindh Sales Tax on management fee	44	372
Sales load payable	258	629
Sindh Sales Tax on sales load	33	82
Allocated expenses	1,089	286
Selling and marketing expense payable	6,964	-

	2020	2019
	----------Rupees in '000----------	
Meezan Bank Limited		
Balances with bank	56,816	485,689
Profit receivable on saving accounts	163	1,117
Sales load payable	365	60
Sindh Sales Tax on sales load payable	47	8
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Security deposits refundable	100	100
Remuneration payable	474	476
Sindh Sales Tax on trustee fee	62	62
Meezan Financial Planning Fund of Funds - MAAP I		
Investment of 4 units (June 30, 2019: 3,775,285 units)	-	194,538
Meezan Strategic Allocation Fund - MCPP III		
Investment of 8,103,630 units (June 30, 2019: 13,138,233 units)	417,723	677,003
Meezan Strategic Allocation Fund II - MCPP IV		
Investment of 21,045,293 units (June 30, 2019: 17,633,059 units)	1,084,834	908,618
Meezan Strategic Allocation Fund II - MCPP V		
Investment of 4,223,802 units (June 30, 2019: 5,140,342 units)	217,726	264,878
Meezan Strategic Allocation Fund II - MCPP VI		
Investment of 4,136,298 units (June 30, 2019: 4,162,469 units)	213,216	214,489
Meezan Strategic Allocation Fund II - MCPP VII		
Investment of 2,659,988 units (June 30, 2019: 2,218,732 units)	137,116	114,330
Meezan Strategic Allocation Fund II - MCPP VIII		
Investment of 1,238,243 units (June 30, 2019: 1,692,281 units)	63,828	87,202
Meezan Strategic Allocation Fund III - MCPP IX		
Investment of 1,048,981 units (June 30, 2019: 198,820 units)	54,072	10,245
Al Meezan Investment Management Limited - Employees Gratuity Fund		
Investment of 161,333 units (June 30, 2019: 145,267 units)	8,316	7,486
Directors and their close family members and key management personnel of the Management Company		
Investment of 314,469 units (June 30, 2019: 1,743,755 units)	16,210	89,854

Transactions during the year	For the year ended June 30, 2020	2019
	----------Rupees in '000----------	
Al Meezan Investment Management Limited - Management Company		
Management fee charged	29,559	18,664
Sindh Sales Tax on remuneration of the Management Company	3,843	2,426
Allocated expenses	7,086	1,866
Selling and marketing expense	18,358	-
Units issued: 14,394 units (June 30, 2019: 2,686,839 units)	755	145,000
Units redeemed: 14,394 units (June 30, 2019: 2,686,839 units)	772	147,233

	For the year ended June 30,	
	2020	2019
	----------Rupees in '000----------	
Meezan Bank Limited		
Profit on saving accounts	3,819	1,489
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	3,118	2,150
Sindh Sales Tax on remuneration of the Trustee	405	279
CDS charges	180	62
Meezan Financial Planning Fund of Funds - MAAP I		
Units issued: 5,342,973 units (June 30, 2019: 3,920,223 units)	285,228	214,605
Units redeemed: 9,118,254 units (June 30, 2019: 145,324 units)	491,060	8,000
Dividend paid	-	407
Refund of capital	-	12,267
Meezan Strategic Allocation Fund - MCPP III		
Units issued: 15,605,745 units (June 30, 2019: 17,598,384 units)	884,559	962,122
Units redeemed: 20,640,348 units (June 30, 2019: 4,460,151 units)	1,106,373	245,440
Dividend paid	227	1,416
Refund of capital	41,454	42,688
Meezan Strategic Allocation Fund II - MCPP IV		
Units issued: 40,583,600 units (June 30, 2019: 23,423,819 units)	2,300,445	1,223,538
Units redeemed: 37,171,366 units (June 30, 2019: 5,790,760 units)	2,026,440	318,930
Dividend paid	588	1,899
Refund of capital	107,520	57,295
Meezan Strategic Allocation Fund II - MCPP V		
Units issued: 8,606,948 units (June 30, 2019: 7,638,156 units)	487,882	401,096
Units redeemed: 9,523,488 units (June 30, 2019: 2,497,814 units)	515,025	137,570
Dividend paid	121	554
Refund of capital	22,083	16,702
Meezan Strategic Allocation Fund II - MCPP VI		
Units issued: 7,918,847 units (June 30, 2019: 6,852,698 units)	448,851	361,379
Units redeemed: 7,945,018 units (June 30, 2019: 2,690,229 units)	430,907	148,110
Dividend paid	116	449
Refund of capital	21,157	13,525
Meezan Strategic Allocation Fund II - MCPP VII		
Units issued: 5,082,409 units (June 30, 2019: 2,919,594 units)	288,077	152,366
Units redeemed: 4,641,153 units (June 30, 2019: 701,222 units)	252,929	38,620
Dividend paid	74	239
Refund of capital	13,595	7,209
Meezan Strategic Allocation Fund II - MCPP VIII		
Units issued: 2,398,196 units (June 30, 2019: 2,291,535 units)	135,933	119,847
Units redeemed: 2,852,234 units (June 30, 2019: 599,254 units)	153,493	33,000
Dividend paid	35	145
Refund of capital	6,413	5,536

	For the year ended June 30,	
	2020	2019
	----------Rupees in '000----------	
Meezan Strategic Allocation Fund III - MCPP IX		
Units issued: 2,241,977 units (June 30, 2019: 198,820 units)	125,900	10,224
Units redeemed: 1,391,816 units (June 30, 2019: nil units)	77,179	-
Dividend paid	29	-
Refund of capital	5,354	667
Al Meezan Investment Management Limited - Employees Gratuity Fund		
Dividend paid	827,876	-
Directors and their close family members and key management personnel of the Management Company		
Units issued: 7,041,807 units (June 30, 2019:4,316,171 units)	372,390	234,598
Units redeemed: 8,471,097 units (June 30, 2019: 2,572,663 units)	450,821	140,250
Dividend paid	665	980,296
Refund of capital	614	-

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

	2020		
	At amortised cost	At fair value through profit or loss	Total
	---------- Rupees in '000 ----------		
Financial assets			
Balances with banks	2,580,042	-	2,580,042
Investments	-	7,182,290	7,182,290
Receivable against conversion of units	149,747	-	149,747
Deposits and other receivables	104,676	-	104,676
	2,834,465	7,182,290	10,016,755

	2020		
	At fair value through profit or loss	At amortised cost	Total
	---------- Rupees in '000 ----------		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	8,724	8,724
Payable to Central Depository Company of Pakistan Limited - Trustee	-	536	536
Payable against redemption and conversion of units	-	106,266	106,266
Payable to Meezan Bank Limited	-	412	412
Accrued expenses and other liabilities	-	1,654	1,654
	-	117,592	117,592

	2019		
	At amortised cost	At fair value through profit or loss	Total
	---------- Rupees in '000 ----------		
Financial assets			
Balances with banks	5,132,514	-	5,132,514
Investments	-	1,124,715	1,124,715
Receivable against conversion of units	59,236	-	59,236
Deposits and other receivables	70,373	-	70,373
	5,262,123	1,124,715	6,386,838

	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	-	4,228	4,228
Payable to Central Depository Company of Pakistan Limited - Trustee	-	538	538
Payable against redemption and conversion of units	-	562,316	562,316
Payable to Meezan Bank Limited	-	68	68
Accrued expenses and other liabilities	-	1,365	1,365
	-	568,515	568,515

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unitholders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, 2008, and the directives issued by Securities and Exchange Commission of Pakistan (SECP).

Risks managed and measured by the Fund are explained below:

20.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

Market risk comprises of three types of risks: Profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks and investments in sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based sukuks certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 97.59 million (2019: Rs. 62.54 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, the Fund did not hold any fixed rate instrument that may expose the fund to fair value profit rate risk. A 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for sukuk certificates with all other variables held constant, would not have impacted the net income for the year and net assets of the Fund (2019: 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, 2020 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, 2020 can be determined as follows:

	2020					
	Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		Rupees in 000				
Financial assets						
Balances with banks	3.0% - 7.50%	2,577,198	-	-	2,844	2,580,042
Investments	8.02% - 14.25%	-	7,182,290	-	-	7,182,290
Receivable against conversion of units		-	-	-	149,747	149,747
Deposits and other receivables		-	-	-	104,676	104,676
		2,577,198	7,182,290	-	257,267	10,016,755
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	8,724	8,724
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	536	536
Payable against redemption and conversion of units		-	-	-	106,266	106,266
Payable to Meezan Bank Limited		-	-	-	412	412
Accrued expenses and other liabilities		-	-	-	1,654	1,654
		-	-	-	117,592	117,592
On-balance sheet gap (a)		2,577,198	7,182,290	-	139,675	9,899,163
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		2,577,198	7,182,290	-		
Cumulative interest rate sensitivity gap		2,577,198	9,759,488	9,759,488		

	2019					
	Effective interest rate (%)	Exposed to yield / Profit rate risk			Not exposed to yield / interest rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		Rupees in 000				
Financial assets						
Balances with banks	3.32% - 12.50%	5,129,670	-	-	2,844	5,132,514
Investments	5.24% - 11.92%	950,000	174,715	-	-	1,124,715
Receivable against conversion of units		-	-	-	59,236	59,236
Deposits, prepayments and other receivables		-	-	-	70,373	70,373
		6,079,670	174,715	-	132,453	6,386,838
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	4,228	4,228
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	538	538
Payable against redemption and conversion of units		-	-	-	562,316	562,316
Payable to Meezan Bank Limited		-	-	-	68	68
Accrued expenses and other liabilities		-	-	-	1,365	1,365
		-	-	-	568,515	568,515
On-balance sheet gap (a)		6,079,670	174,715	-	(436,062)	5,818,323
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		6,079,670	174,715	-		
Cumulative interest rate sensitivity gap		6,079,670	6,254,385	6,254,385		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of June 30, 2020.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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:

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000						
Financial assets							
Balances with banks	2,580,042	-	-	-	-	-	2,580,042
Investments	-	-	-	-	7,182,290	-	7,182,290
Receivable against conversion of units	149,747	-	-	-	-	-	149,747
Deposits and other receivables	104,576	-	-	-	-	100	104,676
	2,834,365	**-**	**-**	**-**	**7,182,290**	**100**	**10,016,755**
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	8,724	-	-	-	-	-	8,724
Payable to Central Depository Company of Pakistan Limited - Trustee	536	-	-	-	-	-	536
Payable against redemption and conversion of units	106,266	-	-	-	-	-	106,266
Payable to Meezan Bank Limited	412	-	-	-	-	-	412
Accrued expenses and other liabilities	581	817	156	-	-	100	1,654
	116,519	**817**	**156**	**-**	**-**	**100**	**117,592**
Net assets / (liabilities)	**2,717,846**	**(817)**	**(156)**	**-**	**7,182,290**	**-**	**9,899,163**

	2019						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000						
Financial assets							
Balances with banks	5,132,514	-	-	-	-	-	5,132,514
Investments	-	-	24,959	99,837	999,919	-	1,124,715
Receivable against conversion of units	59,236	-	-	-	-	-	59,236
Deposits and other receivables	70,273	-	-	-	-	100	70,373
	5,262,023	**-**	**24,959**	**99,837**	**999,919**	**100**	**6,386,838**
Financial liabilities							
Payable to Al Meezan Investment Management Limited Management Company	4,228	-	-	-	-	-	4,228
Payable to the Central Depository Company of Pakistan Limited - Trustee	538	-	-	-	-	-	538
Payable against redemption and conversion of units	562,316	-	-	-	-	-	562,316
Payable to Meezan Bank Limited	68	-	-	-	-	-	68
Accrued expenses and other liabilities	501	708	156	-	-	-	1,365
	567,651	**708**	**156**	**-**	**-**	**-**	**568,515**
Net assets / (liabilities)	**4,694,372**	**(708)**	**24,803**	**99,837**	**999,919**	**100**	**5,818,323**

20.3 Credit risk

20.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, receivable against issuance and conversion and receivable against sale of investments.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	Balance as per statement of assets	Maximum exposure to credit risk	Balance as per statement of assets and	Maximum exposure to credit risk
	Rupees in '000			
Balances with banks	2,580,042	2,580,042	5,132,514	5,132,514
Investments	7,182,290	132,290	1,124,715	174,715
Receivable against conversion of units	149,747	149,747	59,236	59,236
Deposits and other receivables	104,676	104,676	70,373	70,373
	10,016,755	**2,966,755**	**6,386,838**	**5,436,838**

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon and receivable against sale of units and against investments, investments in sukuk certificates. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	74.97	58.60
AA+	2.30	9.48
AA	0.96	22.42
A+	0.21	9.50
A	0.00	-
AA-	21.55	-
	100.00	**100.00**

21 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

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, 2020, the Fund held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets 'at fair value through profit or loss'			
Sukuk certificates	-	7,182,290	-
	-	**7,182,290**	**-**

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets 'at fair value through profit or loss'			
Sukuk certificates	-	1,124,715	-
	-	**1,124,715**	**-**

22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	Number of unit holders	Investment amount (Rupees)	Percentage of total	Number of unit holders	Investment amount (Rupees)	Percentage of total
Individuals	5,391	5,478,673	56.27	4,368	2,574,733	45.13
Associated Companies / Directors	10	2,197,650	22.57	11	2,552,336	44.74
Insurance Companies	1	1,752	0.02	2	6,657	0.12
Retirement Funds	46	599,777	6.16	37	278,165	4.88
Public Limited Companies	-	-	-	2	626	0.01
Others	58	1,458,479	14.98	80	292,632	5.13
Total	5,506	9,736,331	100.00%	4,500	5,705,149	100.00%

24 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Next Capital Limited	4.10	Paramount Capital (Private) Limited	69.94
JS Global Limited	95.90	Vector Capital (Private) Limited	1.23
		Next Capital Limited	1.38
		JS Global Limited	2.88
		Invest One Market Limited	24.57
	100.00		**100.00**

24.1 The Fund has traded with only the above mentioned 2 brokers / dealers during the year ended June 30, 2020 (2019: 5 brokers / dealers).

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM /MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Nine years

25.1 The Fund manager of the Fund is Mr. Faizan Saleem. Other Funds being managed by the Fund Manager are as follows:

- Meezan Cash Fund;
- Meezan Islamic Income Fund; and
- Meezan Rozana Amdani Fund

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	Apr 15, 2020	Jun 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

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 13, 2020**.

29 GENERAL

29.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

29.2 Operational Risk Management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

29.3 Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

Meezan
Cash Fund

Meezan Cash Fund (MCF)

Meezan Cash Fund is Pakistan's first Shariah compliant Money Market Fund. MCF aims to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and debt securities.

MEEZAN FUNDS ONLINE

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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

AUDITORS
A. F. Ferguson & Co.
Chartered Accountants
State Life Building# 1-C,
I.I. Chundrigar Road , Karachi-74000

SHARIAH ADVISER
Meezan Bank Limited

BANKERS TO THE FUND

Allied Bank Limited	Habib Metropolitan Bank Limited - Islamic Banking
Askari Bank Limited - Islamic Banking	MCB Bank Limited
Bank Al Habib Limited - Islamic Banking	MCB Islamic Bank Limited
Bank Alfalah Limited	Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited	National Bank of Pakistan - Islamic Banking
Faysal Bank Limited - Islamic Banking	Sindh Bank Limited
Habib Bank Limited -Islamic Banking	UBL Ameen - Islamic Banking

LEGAL ADVISER
Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (9221) 35156191-94 Fax: (9221) 35156195
E-mail:

TRANSFER AGENT
Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER
Meezan Cash Fund (MCF)

Type of Fund

Open end cash fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

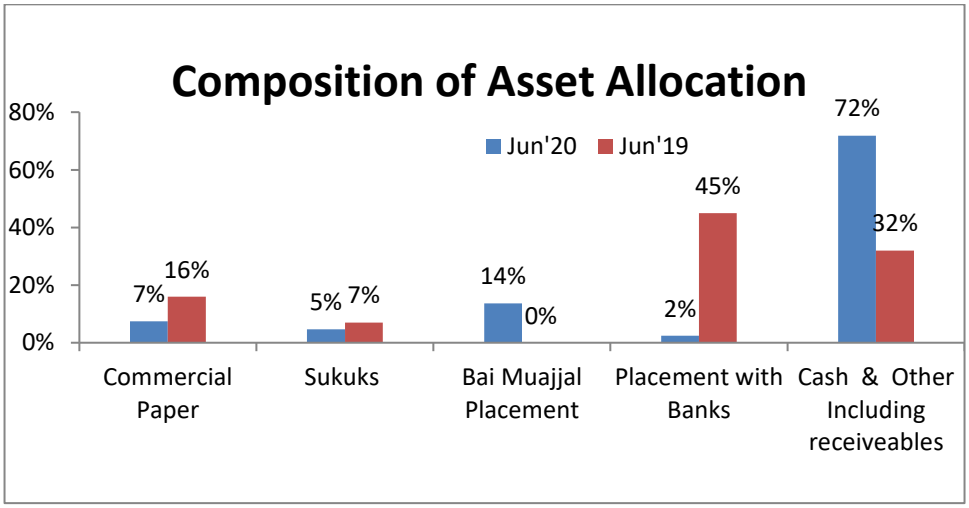
Objective

Its objective is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market & debt securities.

Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term tenors. As per its investment policy, MCF can invest or place funds in instruments/avenues with a credit rating of at least 'double A' (AA). Moreover, the investment policy limits interest rate risk by capping the maturity of instruments up to a maximum of six months, along with maximum portfolio duration of three months.

Sector Allocation as on June 30th 2019 and 2020



Performance Review

Meezan Cash Fund (MCF) provided a return of 10.95% to its investors for the year ended June 30, 2020 as compared to its benchmark return of 5.37%.

	MCF	Benchmark
Net Asset Value as on June 30, 2019	50.47	
Net Asset Value as on June 30, 2020	50.50	
Return During the Period - Net	10.95%	5.37%
Outperformance – Net	5.58%	

Benchmark: 3 Month average deposit rate of 3 AA rated Islamic Banks

The Fund earned a gross income of Rs. 1,404 million as compared to Rs. 1,086 million in last year, which was primarily due to profit on bank deposits, placements and Sukuks amounting to Rs. 1,403 million. The fund also incurred expenses totalling to Rs. 187 million, which brought the net income figure to Rs. 1,217 million. The net assets of the Fund as at June 30, 2020 were Rs. 14,026 million as compared to Rs. 8,851 million at the end of last year depicting a increase of 58%. The net asset value per unit as at June 30, 2020 was Rs. 50.50 (Ex-dividend) as compared to Rs. 50.47 per unit as on June 30, 2019.

Distributions

The interim Pay out by the Fund during the fiscal year ended June 30, 2020 was Rs. 5.48 per unit (10.96 %). Total distribution made by the fund was Rs. 1,406 million.

Fund Stability Rating

VIS Credit Rating Company has assigned Stability Rating of AA (f) to Meezan Cash Fund.

Breakdown of unit holdings by size

(As on June 30, 2020)

Range (Units)	No. of investors
1 - 9,999	13,851
10,000 - 49,999	3,188
50,000 - 99,999	662
100,000 - 499,999	471
500,000 and above	35
Total	**18,207**

PERFORMANCE TABLE

	2020	2019	2018	2017	2016
Net assets (Rs '000) (ex-distribution)	14,026,439	8,851,088	9,920,952	3,350,394	3,431,782
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	50.4952	50.47	50.43	50.43	50.14
Offer price per unit as at June 30 (Rs) (ex-distribution) *	50.4952	50.47	50.43	50.43	50.14
Distribution (%)					
- First interim distribution	10.95	3.92	-	5.50	4.50
- Second interim distribution		-	-	-	-
- Third interim distribution		-	-	-	-
- Fourth interim distribution		-	-	-	-
- Fifth interim distribution		-	-	-	-
- Sixth interim distribution		-	-	-	-
- Seventh interim distribution		-	-	-	-
- Eighth interim distribution		-	-	-	-
- Ninth interim distribution		-	-	-	-
- Tenth interim distribution		-	-	-	-
- Eleventh interim distribution		-	-	-	-
- Final distribution		-	-	-	-
Dates of distribution					
- First interim distribution	Jun 26, 2020	Jun 28, 2019	-	Jun 23, 2017	Jun 24, 2016
- Second interim distribution			-	-	-
- Third interim distribution			-	-	-
- Fourth interim distribution			-	-	-
- Fifth interim distribution			-	-	-
- Sixth interim distribution			-	-	-
- Seventh interim distribution			-	-	-
- Eighth interim distribution			-	-	-
- Ninth interim distribution			-	-	-
- Tenth interim distribution			-	-	-
- Eleventh interim distribution			-	-	-
- Final distribution			July 06, 2018	-	-
Income distribution (Rupees in '000)	719,539	333,845.00	178,008.00	179,346.00	98,455.00
Growth distribution (Rupees in '000)	685,164	307,899.00	230,344.00	-	-
Highest offer price per unit (Rs.)	55.9183	54.35330	52.59640	53.12000	52.32000
Lowest offer price per unit (Rs.)	50.4730	50.44550	50.43450	50.21000	50.09000
Highest redemption price per unit (Rs.)	55.9183	54.35330	52.59640	53.12000	52.32000
Lowest redemption price per unit (Rs.) *	50.4730	50.44550	50.43450	50.21000	50.09000
Total return (%)		7.84	4.30	6.07	4.59

	One Year	Two Year	Three Year	Four Year	Five Year
Average annual return (%) as at June 30, 2020	10.95	7.84	5.84	5.92	5.56

Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Cash Fund

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Eleventh year of operations of Meezan Cash Fund (MCF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, we have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

i. We have reviewed and approved the modes of investments of MCF in light of the *Shari'ah* guidelines.

ii. All the provisions of the scheme and investments made on account of MCF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.

iii. On the basis of information provided by the management, all the operation of MCF for the year ended June 30, 2020 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shariah Advisor

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN CASH FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Cash Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Cash Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Cash Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 4,172.191 million and balances with banks aggregated to Rs 10,054.710 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, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others 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, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; ▪ Ensured that the investments are carried as per the valuation methodology specified in the accounting policies; and ▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN CASH FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Assets			
Balances with banks	5	10,054,710	2,580,335
Investments	6	4,172,191	6,270,999
Receivable against conversion of units		184,956	130,600
Profit accrued	7	60,289	92,348
Deposits and prepayments	8	583	579
Total assets		14,472,729	9,074,861
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	9	18,036	11,306
Payable to Central Depository Company of Pakistan Limited - Trustee	10	972	834
Payable to the Securities and Exchange Commission of Pakistan	11	2,400	8,764
Payable against conversion and redemption of units		200,168	98,921
Accrued expenses and other liabilities	12	224,714	103,948
Total liabilities		446,290	223,773
NET ASSETS		14,026,439	8,851,088
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		14,026,439	8,851,088
CONTINGENCIES AND COMMITMENTS	13		
NUMBER OF UNITS IN ISSUE		277,777,662	175,362,634
		----- Rupees -----	
NET ASSET VALUE PER UNIT		50.4952	50.4731

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN CASH FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Income			
Profit on GoP ijarah sukuks		-	4,552
Profit on corporate sukuks		76,583	20,189
Profit on commercial papers		167,117	102,973
Profit on term deposits		175,042	143,855
Profit on Bai Muajjal		168,278	18,551
Profit on saving accounts with banks		816,140	792,003
Net realised gain on sale of investments		1,132	3,470
Total income		1,404,292	1,085,593
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	9.1	74,526	116,853
Sindh Sales Tax on remuneration of the Management Company	9.2	9,688	15,191
Selling and marketing expense	9.3	45,483	-
Allocated expenses	9.4	17,686	11,685
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	7,801	9,258
Sindh Sales Tax on remuneration of the Trustee	10.2	1,014	1,204
Annual fees to the Securities and Exchange Commission of Pakistan	11	2,400	8,764
Auditors' remuneration	14	510	494
Fees and subscription		1,403	1,337
Printing expenses		-	123
Brokerage expenses		801	94
Bank and settlement charges		1,142	635
Provision for Sindh Workers' Welfare Fund (SWWF)	12.2	24,837	18,399
Total expenses		187,291	184,037
Net income for the year before taxation		1,217,001	901,556
Taxation	16	-	-
Net income for the year after taxation		1,217,001	901,556
Allocation of net income for the year			
Net income for the year after taxation		1,217,001	901,556
Income already paid on units redeemed		(448,464)	(560,440)
		768,537	341,116
Accounting income available for distribution			
- Relating to capital gains		1,132	3,470
- Excluding capital gains		767,405	337,646
		768,537	341,116

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN CASH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in '000)	
Net income for the year after taxation	1,217,001	901,556
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,217,001	901,556

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN CASH FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	(Rupees in '000)			(Rupees in '000)		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at the beginning of the year	8,807,969	43,119	8,851,088	9,707,096	213,856	9,920,952
Issuance of 830,657,240 units (2019: 605,880,722 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	41,925,846	-	41,925,846	30,555,473	-	30,555,473
- Element of income	2,448,135	-	2,448,135	1,041,160	-	1,041,160
Total proceeds on issuance of units	44,373,981	-	44,373,981	31,596,633	-	31,596,633
Redemption of 728,242,212 units (2019: 619,142,104 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	36,756,642	-	36,756,642	31,224,265	-	31,224,265
- Element of loss	1,805,822	448,464	2,254,286	733,253	560,440	1,293,693
Total payments on redemption of units	38,562,464	448,464	39,010,928	31,957,518	560,440	32,517,958
Total comprehensive income for the year	-	1,217,001	1,217,001	-	901,556	901,556
Distribution for the year ended June 30, 2018	-	-	-	-	(178,008)	(178,008)
Distribution for the year ended June 30, 2019	-	-	-	-	(333,845)	(333,845)
Distribution for the year ended June 30, 2020	-	(713,781)	(713,781)	-	-	-
Refund of Capital for the year ended June 30, 2018	-	-	-	(230,343)	-	(230,343)
Refund of Capital for the year ended June 30, 2019	-	-	-	(307,899)	-	(307,899)
Refund of Capital for the year ended June 30, 2020	(690,922)	-	(690,922)	-	-	-
Total distribution during the year	(690,922)	(713,781)	(1,404,703)	(538,242)	(511,853)	(1,050,095)
Net assets at the end of the year	**13,928,564**	**97,875**	**14,026,439**	**8,807,969**	**43,119**	**8,851,088**
Undistributed income brought forward						
- Realised income		43,119			213,856	
- Unrealised income		-			-	
		43,119			213,856	
Accounting income available for distribution						
- Relating to capital gains		1,132			3,470	
- Excluding capital gains		767,405			337,646	
		768,537			341,116	
Distribution during the period: Rs. 5.4787 per unit i.e 10.96% of the par value of Rs. 50/- each [2019: Rs. 3.9218 per unit i.e. 7.84% of the par value of Rs. 50/- each.]		(713,781)			(333,845)	
Distribution during the prior period: Rs. 2.1649 per unit i.e. 4.33% of the par value of Rs. 50/- each (July 6, 2018)		-			(178,008)	
Undistributed income carried forward		97,875			43,119	
Undistributed income carried forward						
- Realised income		97,875			43,119	
- Unrealised income		-			-	
		97,875			43,119	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			50.4731			52.5964
Net assets value per unit at the end of the year			50.4952			50.4731

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN CASH FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		1,217,001	901,556
(Increase) / decrease in assets			
Investments - net		(401,192)	(3,420,999)
Profit accrued		32,059	(18,822)
Deposits and prepayments		(4)	(7)
		(369,137)	(3,439,828)
Increase / (decrease) in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		6,730	1,108
Payable to Central Depository Company of Pakistan Limited - Trustee		138	71
Payable to the Securities and Exchange Commission of Pakistan		(6,364)	3,228
Accrued expenses and other liabilities		120,766	61,978
		121,270	66,385
Net cash generated from / (used in) operating activities		969,134	(2,471,887)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		43,628,703	31,014,403
Payments against redemption and conversion of units		(38,909,681)	(32,727,965)
Dividend paid		(713,781)	(511,853)
Net cash generated from / (used in) financing activities		4,005,241	(2,225,415)
Net increase / (decrease) in cash and cash equivalents		4,974,375	(4,697,302)
Cash and cash equivalents at the beginning of the year		5,430,335	10,127,637
Cash and cash equivalents at the end of the year	18	10,404,710	5,430,335

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Cash Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed on May 14, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point in time. The Fund shall seek to maximise preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and Shariah compliant debt securities. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.3 The Fund is categorized as an open-end Shariah Compliant (Islamic) Money Market Scheme listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

1.4 The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 28, 2018) and by PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. Further, VIS has assigned a stability rating of AA(f) to the Fund in its credit rating report dated December 30, 2019.

1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- 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, 2020 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 4.5 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as at fair value through profit or loss' which are measured at their respective fair values.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.2 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recoginses loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.3.2.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

4.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

4.3.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price represents the net assets value of the units as of the close of that business day plus the allowable sales load, provision for duties and charges and provision for transaction costs, if applicable.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.9 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits and term deposit receipts is recognised on time proportion basis using the effective yield method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Income on sukuk certificates, placements and government securities is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by SECP for which the profits are recorded on cash basis.

4.12 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

4.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / loss per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

4.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS	Note	2020	2019
		(Rupees in '000)	
Balances with banks in:			
Savings accounts	5.1	10,054,064	2,579,578
Current account		646	757
		10,054,710	2,580,335

5.1 The balances in saving accounts have expected profit rates ranging from 1.50% to 7.50% per annum (2019: 3.32% to 12.50% per annum).

6 INVESTMENTS	Note	2020	2019
		(Rupees in '000)	
At fair value through profit or loss			
Corporate sukuks	6.1	675,000	675,000
Commercial papers	6.2	1,080,275	1,471,289
Term deposit receipts - having original maturity of 3 months or less	6.3	350,000	2,850,000
Bai muajjal receivable	6.4	2,066,916	1,274,710
		4,172,191	6,270,999

6.1 Corporate Sukuks

Name of the security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemp-tions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
										Net assets of the Fund	Total market value of investment
			(Number of certificates)				(Rupees in '000)			%	
Hub Power Company Limited - II (A1+, PACRA) (note 6.1.1)	October 2, 2019	3 months Kibor plus base rate of 1.00%	135,000		135,000	-	-	-	-	-	-
Hub Power Company Limited - V (AA+, PACRA) (note 6.1.2)	May 21, 2020	6 months Kibor plus base rate of 1.50%		6,000	6,000	-	-	-	-	-	-
Hub Power Company Limited - VII (AA+, PACRA) (note 6.1.3)	November 19, 2020	6 months Kibor plus base rate of 1.50%		6,750		6,750	675,000	675,000	-	4.81%	16.18%
Total as at June 30, 2020							675,000	675,000			
Total as at June 30, 2019							675,000	675,000			

6.1.1 The nominal value of these sukuk certificates is Rs 5,000 each.

6.1.2 The nominal value of these sukuk certificates is Rs 100,000 each.

6.1.3 The nominal value of these sukuk certificates is Rs 100,000 each.

6.2 Commercial Papers

Name of the security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemp-tions / maturity during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (loss) / gain as at June 30, 2020	As a percentage of	
										net assets of the fund	total market value of investment
			(Number of certificates)				(Rupees in '000)			---- % ----	
K-Electric Limited CP II (note 6.2.1)	September 2, 2019	6 months Kibor plus base rate of 0.90%	1,500	-	1,500	-	-	-	-	-	-
K-Electric Limited CP III (note 6.2.1)	March 19, 2020	6 month KIBOR plus base rate of 1.30%	-	1,390	1,390	-	-	-	-	-	-
K-Electric Limited CP V (A-1+, VIS (note 6.2.1)	August 14, 2020	6 month KIBOR plus base rate of 1.15%	-	109	-	109	107,206	107,206	-	0.76%	2.57%
K-Electric Limited CP VI (A-1+, PACRA) (note 6.2.1)	August 26, 2020	6 month KIBOR plus base rate of 1.15%	-	225	-	225	220,290	220,290	-	1.57%	5.28%
K-Electric Limited CP VII (A-1+, PACRA) (note 6.2.1)	September 10, 2020	6 month KIBOR plus base rate of 1.15%	-	250	-	250	243,794	243,794	-	1.74%	5.84%
K-Electric Limited CP VIII (A-1+, VIS (note 6.2.1)	October 6, 2020	6 month KIBOR plus base rate of 1.15%	-	525	-	525	508,985	508,985	-	3.63%	12.20%
Total as at June 30, 2020							1,080,275	1,080,275	-		
Total as at June 30, 2019							1,471,289	1,471,289	-		

6.2.1 The nominal value of these commercial papers is Rs 1,000,000 each.

6.2.2 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

6.3 Term Deposit Receipts

Name of the bank	Maturity date	Profit rate	As at July 1, 2019	Term deposit receipts placed during the year	Matured during the year	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (loss) / gain as at June 30, 2020	Percentage of total market value of investments
		%	---------- (Rupees in '000) ----------						%
Having original maturity of 3 months or less									
Faysal Bank Limited	September 6, 2019	10.75%	450,000	-	450,000	-	-	-	-
Askari Bank Limited	September 3, 2019	12.05%	1,200,000	-	1,200,000	-	-	-	-
United Bank Limited - Ameen	September 12, 2019	12.10%	1,200,000	-	1,200,000	-	-	-	-
Meezan Bank Limited	December 2, 2019	13.50%	-	1,000,000	1,000,000	-	-	-	-
Askari Bank Limited	December 11, 2019	13.10%	-	1,020,000	1,020,000	-	-	-	-
Askari Bank Limited	April 17, 2020	12.65%	-	1,000,000	1,000,000	-	-	-	-
United Bank Limited - Ameen	June 8, 2020	7.50%	-	350,000	350,000	-	-	-	-
Bank Alfalah Limited	June 15, 2020	6.00%	-	1,450,000	1,450,000	-	-	-	-
United Bank Limited - Ameen	July 8, 2020	7.35%	-	350,000	-	350,000	350,000	-	8.39%
	As at June 30, 2020			5,170,000	7,670,000	350,000	350,000	-	8.39%
	As at June 30, 2019					2,850,000	2,850,000	-	45.45%

6.4 Bai Muajjal Receivable

The Fund entered in a Bai Muajjal Transaction with Pak Brunei Investment Company Limited and with United Bank Limited, which have credit rating of AA+ and AAA respectively as rated by VIS, on January 20, 2020 and on March 02, 2020 against K-Electric Limited Commercial Paper III (issued on September 19, 2019) at an effective interest rate of 12.70% and 12.45% respectively. The final payment is agreed to be received on July 20, 2020 and August 31, 2020 respectively. The final transaction price is Rs. 1,038.976 million and 1,055.070 million which includes deferred profit of Rs. 61.876 million and 61.670 million respectively.

6.4.1 The carrying amount of the Bai Muajjal receivable includes accrued profit amounting to Rs. 96.416 million.

		Note	2020	2019
			(Rupees in '000)	
7	**PROFIT ACCRUED**			
	Profit accrued on:			
	Bank balances		51,042	49,267
	Term deposit receipts		1,621	22,892
	Sukuk certificates		7,626	20,189
			60,289	92,348
8	**DEPOSITS AND PREPAYMENTS**			
	Security deposit with Central Depository Company of Pakistan Limited		100	100
	Prepayments		283	279
	Initial deposit with Meezan Bank Limited		200	200
			583	579
9	**PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY**			
	Management fee payable	9.1	942	9,192
	Sindh Sales Tax payable on remuneration of the Management Company	9.2	122	1,195
	Selling and marketing expenses payable	9.3	14,990	-
	Allocated expenses payable	9.4	1,982	919
			18,036	11,306

9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2019: 1%) per annum of the average net assets from July 1, 2019 to July 21, 2019. Effective from July 22, 2019, the management company has reduced the rate of remuneration from 1% to 0.6% of average annual net assets of the fund. The remuneration is payable to the Management Company monthly in arrears.

9.2 During the year, an amount of Rs. 9.688 million (2019: Rs 15.191 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 10.761 million (2019: Rs. 15.074 million) has been paid to the Management Company which acts as a collecting agent.

9.3 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Effective from July 22, 2019, the Management Company has started charging selling and marketing expenses to the Fund. The Management Company, based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

9.4 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund for the year from July 1, 2019 to July 21, 2019 and 0.15% for the year from July 22, 2019 to June 30, 2020.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2020	2019
		(Rupees in '000)	
Trustee fee payable	10.1	860	738
Sindh Sales Tax payable on trustee fee	10.2	112	96
		972	834

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed. Effective from July 1, 2019, the trustee has revised its tariff as under:

Previous Tariff		Revised Tariff
Net Assets (Rs.)	Fee	(Flat Rate)
Upto Rs. 1 billion	0.15% per annum of net assets	0.065% per annum of Net Assets.
From Rs. 1 billion to Rs. 10 billion	Rs 1.5 million plus 0.075% per annum of net assets exceeding Rs 1 billion.	
Exceeding Rs. 10 billion	Rs 8.25 million plus 0.06% per annum of net assets exceeding Rs 10 billion.	

Accordingly, the Fund has charged Trustee Fee @ 0.065% per annum during the current year.

10.2 During the year, an amount of Rs 1.014 million (2019: Rs 1.204 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.998 million (2019: Rs 1.188 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 (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to money market fund was 0.075%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2020	2019
		(Rupees in '000)	
Auditors' remuneration payable		336	335
Printing expenses payable		111	111
Brokerage payable		511	85
Shariah advisor fee payable		606	472
Withholding tax payable		122,325	39,378
Capital gain tax payable		17,210	5,105
Federal Excise Duty payable on remuneration of the Management Company	12.1	27,018	27,018
Provision for Sindh Workers' Welfare Fund (SWWF)	12.2	55,733	30,896
Other Expenses		389	-
Zakat payable		475	548
		224,714	103,948

12.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 27.018 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.10 (2019: Re 0.15) per unit.

12.2 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made 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, 2020, the net asset value per unit of the Fund as at June 30, 2020 would have been higher by Re 0.20 per unit (2019: Re 0.18 per unit).

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

14 AUDITORS' REMUNERATION

	2020	2019
	(Rupees in '000)	
Annual audit fee	364	282
Half yearly review	119	152
Other certification fee	-	47
Out of pocket expenses	27	13
	510	494

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 1.56% which includes 0.32% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market scheme.

16 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in Finance Act, 2015 is also not applicable on Funds as per Section 4B of the Income Tax Ordinance, 2001.

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

17.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees' Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

17.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

17.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.

17.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

17.5 The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

Balances	2020	2019
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Management fee payable	942	9,192
Sindh Sales Tax payable on the remuneration of the Management Company	122	1,195
Selling and marketing expenses payable	14,990	-
Allocated expenses payable	1,982	919
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	860	738
Sindh Sales Tax payable on trustee fee	112	96
Security deposit with Central Depositry Company of Pakistan Limited	100	100
Meezan Bank Limited		
Balance with bank	245,644	131,399
Profit receivable on saving account	318	170
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Investment of nil units (2019: 898,802 units)	-	45,365
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Investment of nil units (2019: 1,628,815 units)	-	82,211
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Investment of nil units (2019: 1,000,001 units)	-	50,473
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment of nil units (2019: 8,448 units)	-	426
Meezan Strategic Allocation Fund - MSAP - II		
Investment of nil units (2019: 1,616 units)	-	82
Meezan Strategic Allocation Fund - MSAP - III		
Investment of nil units (2019: 116,450 units)	-	5,878
Meezan Strategic Allocation Fund - MSAP - IV		
Investment of nil units (2019: 158,203 units)	-	7,985
Meezan Strategic Allocation Fund - MSAP - V		
Investment of nil units (2019: 786,614 units)	-	39,703
Meezan Strategic Allocation Fund-III - MCPP - IX		
Investment of nil units (2019: 64,627 units)	-	3,262
Directors and Executives of the Management Company		
Investment of 8,292,346 units (2019: 485,288 units)	418,724	24,494

Transactions during the year	For the year ended June 30, 2020	2019
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration of Al Meezan Investment Management Limited - Management Company	74,526	116,853
Sindh Sales Tax payable on the remuneration of the Management Company	9,688	15,191
Selling and marketing expenses payable	45,483	-
Allocated expenses payable	17,686	11,685
Units issued: 36,085,264 units (2019: 992 units)	2,000,001	51
Units redeemed: 36,085,264 units (2019: 992 units)	2,003,842	53

	For the year ended June 30, 2020	2019
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	7,801	9,258
Sindh Sales Tax payable on trustee fee	1,014	1,204
Security deposit with Central Depositry Company of Pakistan Limited	310	122
Meezan Bank Limited		
Profit on saving accounts	9,446	4,853
Term deposits reciepts placed	1,000,000	-
Term Deposits matured	1,000,000	-
Profit on term deposit receipt	33,623	-
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Units issued: nil units (2019: 180,787 units)	-	9,188
Units redeemed: 898,802 units (2019: 464,971 units)	45,839	24,645
Dividend paid	-	5,504
Refund of capital	-	328
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Units issued: nil units (2019: 405,237 units)	-	20,676
Units redeemed: 1,628,815 units (2019: 793,586 units)	83,034	41,208
Dividend paid	-	9,645
Refund of capital	-	649
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Units issued: nil units (2019: 138,048 units)	-	6,969
Units redeemed: 1,000,001 units (2019: 610,387 units)	50,914	31,738
Dividend paid	-	6,398
Refund of capital	-	429
Meezan Financial Planning Fund of Funds - MAAP - I		
Units issued: 3,821,029 units (2019: 24,848 units)	196,322	1,253
Units redeemed: 3,829,477 units (2019: 581,025 units)	199,398	30,010
Dividend paid	-	886
Refund of capital	-	368
Meezan Financial Planning Fund of Funds - MAAP - IV		
Units issued: nil units (2019: 7,368,899 units)	-	372,084
Units redeemed: nil units (2019: 8,331,559 units)	-	421,491
Dividend paid	-	1,833
Refund of capital	-	251
Meezan Strategic Allocation Fund - MSAP - I		
Units issued: 11,301,674 units (2019: 78,130 units)	596,752	3,940
Units redeemed: 11,301,674 units (2019: 1,898,170 units)	597,678	97,777
Dividend paid	-	3,863
Refund of capital	-	78
Meezan Strategic Allocation Fund - MSAP - II		
Units issued: nil units (2019: 70,506 units)	-	3,556
Units redeemed: 1,616 units (2019: 1,708,608 units)	83	88,430
Dividend paid	-	3,556
Refund of capital	-	44

	For the year ended June 30,	
	2020	2019
	(Rupees in '000)	
Meezan Strategic Allocation Fund - MSAP - III		
Units issued: nil units (2019: 135,718 units)	-	2,985
Units redeemed: 116,450 units (2019: 6,844,458 units)	5,926	155,816
Dividend paid	-	6,749
Refund of capital	-	95
Meezan Strategic Allocation Fund - MSAP - IV		
Units issued: nil units (2019: 2,157,738 units)	-	110,525
Units redeemed: 158,203 units (2019: 5,523,736 units)	8,082	285,470
Dividend paid	-	7,897
Refund of capital	-	309
Meezan Strategic Allocation Fund - MSAP - V		
Units issued: nil units (2019: 148,857 units)	-	7,507
Units redeemed: 786,614 units (2019: 1,507,716 units)	40,274	78,911
Dividend paid	-	6,175
Refund of capital	-	1,332
Meezan Strategic Asset Allocation Fund - MCPP-III		
Units Issued: 45,907,961 units (2019: 12,068,356 units)	2,375,547	621,276
Units redeemed: 45,907,961 units (2019: 35,300,192 units)	2,399,864	1,873,381
Dividend paid	-	16,480
Refund of capital	-	33,815
Meezan Strategic Allocation Fund II- MCPP - IV		
Units issued: 60,052,727 units (2019: 26,190,952 units)	3,191,022	1,351,751
Units redeemed: 60,052,727 units (2019: 60,080,430 units)	3,210,844	3,175,048
Dividend paid	-	13,834
Refund of capital	-	59,534
Meezan Strategic Allocation Fund II- MCPP - V		
Units issued: 14,488,227 units (2019: 11,656,713 units)	764,542	598,507
Units redeemed: 14,488,227 units (2019: 21,251,903 units)	768,550	1,120,631
Dividend paid	-	1,360
Refund of capital	-	19,413
Meezan Strategic Allocation Fund II- MCPP - VI		
Units issued: 9,714,504 units (2019: 17,489,369 units)	510,190	896,940
Units redeemed: 9,714,504 units (2019: 17,489,369)	512,629	926,277
Meezan Strategic Allocation Fund II- MCPP - VII		
Units issued: 5,532,141 units (2019: 10,117,433 units)	291,866	524,917
Units redeemed: 5,532,141 units (2019: 10,117,433 units)	293,151	535,927
Meezan Strategic Allocation Fund II- MCPP - VIII		
Units issued: 5,286,139 units (2019: 4,224,783 units)	273,486	223,062
Units redeemed: 5,286,139 units (2019: 4,224,783 units)	274,147	226,382
Meezan Strategic Allocation Fund III- MCPP - IX		
Units issued: 2,417,604 units (2019: 304,134 units)	127,049	16,200
Units redeemed: 2,482,231 units (2019: 239,507 units)	130,549	12,974

	For the year ended June 30, 2020	2019
	(Rupees in '000)	
Directors and Executives of the Management Company		
Units issued: 15,889,970 units (2019: 1,405,485 units)	870,310	73,097
Units redeemed: 8,082,912 units (2019: 1,102,645 units)	447,483	57,195
Dividend Paid	1,690	889
Refund of Capital	37,927	1,277

17.6 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

	Note	2020	2019
18 CASH AND CASH EQUIVALENTS		(Rupees in '000)	
Cash and bank balances	5	10,054,710	2,580,335
Term deposit receipt (with original maturity of three months)	6.3	350,000	2,850,000
		10,404,710	5,430,335

19 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	10,054,710	-	10,054,710
Investments	-	4,172,191	4,172,191
Receivable against conversion of units	184,956	-	184,956
Profit accrued	60,289	-	60,289
Deposits	300	-	300
	10,300,255	4,172,191	14,472,446

	2020		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	18,036	18,036
Payable to Central Depository Company of Pakistan Limited - Trustee	-	972	972
Payable against conversion and redemption of units	-	200,168	200,168
Accrued expenses and other liabilities	-	1,953	1,953
	-	221,129	221,129

	2019		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	2,580,335	-	2,580,335
Investments	-	6,270,999	6,270,999
Receivable against conversion of units	130,600	-	130,600
Profit accrued	92,348	-	92,348
Deposits	300	-	300
	2,803,583	6,270,999	9,074,582

	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	-	11,306	11,306
Payable to Central Depository Company of Pakistan Limited - Trustee	-	834	834
Payable against conversion and redemption of units	-	98,921	98,921
Accrued expenses and other liabilities	-	1,003	1,003
	-	112,064	112,064

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unitholders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, 2008, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Risks managed and measured by the Fund are explained below:

20.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: profit rate risk, currency risk and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks and investments in corporate sukuks, commercial papers, term deposit receipts and Bai Muajjal. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund's profit rate risk arises from the balances in savings accounts and investments in corporate sukuks and term deposit receipts. At June 30, 2020, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 110.791 million (2019: Rs 61.046 million).

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in commercial papers and Bai Muajjal. At June 30, 2020, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 31.472 million (2019: Rs 27.460 million).

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:

	2020					
	Effective interest rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		Rupees in '000				
Financial assets						
Balances with banks	1.50% to 7.50%	10,054,064	-	-	646	10,054,710
Investments	KIBOR + 1.00% and 9.59% - 14.70%	3,497,191	675,000	-	-	4,172,191
Receivable against conversion of units		-	-	-	184,956	184,956
Profit accrued		-	-	-	60,289	60,289
Deposits		-	-	-	300	300
		13,551,255	675,000	-	246,191	14,472,446
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	18,036	18,036
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	972	972
Payable against conversion and redemption of units		-	-	-	200,168	200,168
Accrued expenses and other liabilities		-	-	-	1,953	1,953
		-	-	-	221,129	221,129
On-balance sheet gap (a)		13,551,255	675,000	-	25,062	14,251,317
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		13,551,255	675,000	-		
Cumulative profit rate sensitivity gap		13,551,255	14,226,255	14,226,255		

	2019					
	Effective interest rate (%)	Exposed to profit rate risk			Not exposed to yield / interest rate	Total
		Up to three months	More than three months and up to one year	More than one year		
		Rupees in '000				
Financial assets						
Balances with banks	3.32% to 12.50%	2,579,578	-	-	757	2,580,335
Investments	KIBOR + 0.90% - KIBOR + 1.00% and 11.23% - 12.13%	6,270,999	-	-	-	6,270,999
Receivable against conversion of units		-	-	-	130,600	130,600
Profit accrued		-	-	-	92,348	92,348
Deposits		-	-	-	300	300
		8,850,577	-	-	224,005	9,074,582
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	11,306	11,306
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	834	834
Payable against conversion and redemption of units		-	-	-	98,921	98,921
Dividend payable		-	-	-	-	-
Accrued expenses and other liabilities					1,003	1,003
		-	-	-	112,064	112,064
On-balance sheet gap (a)		8,850,577	-	-	111,941	8,962,518
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		8,850,577	-	-		
Cumulative profit rate sensitivity gap		8,850,577	8,850,577	8,850,577		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	---------Rupees in '000---------						
Financial assets							
Balances with banks	10,054,710	-	-	-	-	-	10,054,710
Investments	-	3,497,191	675,000	-	-	-	4,172,191
Receivable against conversion of units	184,956	-	-	-	-	-	184,956
Profit accrued	52,663		7,626	-	-	-	60,289
Deposits	-	-	-	-	-	300	300
	10,292,329	3,497,191	682,626	-	-	300	14,472,446
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	18,036	-	-	-	-	-	18,036
Payable to Central Depository Company of Pakistan Limited - Trustee	972	-	-	-	-	-	972
Payable against conversion and redemption of units	200,168	-	-	-	-	-	200,168
Accrued expenses and other liabilities	511	942	111	-	-		1,564
	219,687	942	111	-	-	-	220,740
Net assets / (liabilities)	10,072,642	3,496,249	682,515	-	-	300	14,251,706

	2019						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	---------Rupees in '000---------						
Financial assets							
Balances with banks	2,580,335	-	-	-	-	-	2,580,335
Investments	-	5,595,999	675,000	-	-	-	6,270,999
Receivable against conversion of units	130,600	-	-	-	-	-	130,600
Profit accrued	49,267	43,081	-	-	-	-	92,348
Deposits	-	-	-	-	-	300	300
	2,760,202	5,639,080	675,000	-	-	300	9,074,582
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	11,306	-	-	-	-	-	11,306
Payable to Central Depository Company of Pakistan Limited - Trustee	834	-	-	-	-	-	834
Payable against conversion and redemption of units	98,921	-	-	-	-	-	98,921
Accrued expenses and other liabilities	85	807	111	-	-	-	1,003
	111,146	807	111	-	-	-	112,064
Net assets / (liabilities)	2,649,056	5,638,273	674,889	-	-	300	8,962,518

20.3 Credit risk

20.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks, receivable against conversion of units and credit exposure arising as a result of receivable against sale of investments. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by the Trustee of the fund minimises the credit risk. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----------Rupees In '000----------			
Balances with banks	10,054,710	10,054,710	2,580,335	2,580,335
Investments	4,172,191	4,172,191	6,270,999	6,270,999
Receivable against conversion of units	184,956	184,956	130,600	130,600
Profit accrued	60,289	60,289	92,348	92,348
Deposits	300	300	300	300
	14,472,446	14,472,446	9,074,582	9,074,582

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon and receivable against conversion of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	97.44	73.60
AA+	2.46	26.33
AA	0.10	0.07
	100.00	100.00

Ratings of sukuks, commercial paper and bai muajjal have been disclosed in related notes to the financial statements.

20.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties thereby any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2020 are unsecured and are not impaired.

21 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Corporate sukuks *	-	675,000	-
Commercial papers **	-	1,080,275	-
Term deposit receipts - having original maturity of 3 months or less *	-	350,000	-
Bai Muajjal receivable **	-	2,066,916	-
	-	4,172,191	-

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Corporate sukuks *	-	675,000	-
Commercial papers **	-	1,471,289	-
Term deposit receipts - having original maturity of 3 months or less *	-	2,850,000	-
Bai Muajjal receivable **	-	1,274,710	-
	-	6,270,999	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers and Bai Muajjal receivable have been carried out based on amortisation of commercial papers and the sale price under Bai Muajjal to their fair values as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and they are placed with counterparties which have high credit rating.

22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirements of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	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	18,026	12,130,444	86.48	15,078	7,841,359	88.59
Associated Companies / Directors	4	381,251	2.72	17	240,430	2.72
Insurance Companies	5	64,166	0.46	6	54,264	0.61
Banks and DFIs	2	550,253	3.92	1	11	0.00
Retirement Funds	64	464,116	3.31	62	315,677	3.57
Private Limited Companies	62	277,437	1.98	38	246,893	2.79
Others	44	158,772	1.13	71	152,454	1.71
	18,207	14,026,439	100.00%	15,273	8,851,088	100.00%

24 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2020 Percentage of commission paid
Invest One Market Limited	86%
Paramount Capital (Private) Limited	10%
BIPL Securities Limited	3%
C & M Management Private Limited	1%
	100%

24.1 The Fund has traded only with the above mentioned four brokers / dealers during the year ended June 30, 2020.

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP/ Head of Research	CFA / MBA (in progress)	Nine years

The Fund manager of the Fund is Mr. Faizan Saleem. Other Funds being managed by the Fund Manager are as follows:

- Meezan Islamic Income Fund
- Meezan Sovereign Fund
- Meezan Rozana Amdani Fund

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	April 15, 2020	Jun 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

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 13, 2020**.

29 GENERAL

29.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

29.2 Operational Risk Management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

29.3 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

Meezan
Rozana Amdani Fund

Meezan Rozana Amdani Fund (MRAF)

Meezan Rozana Amdani Fund the objective of the Fund is to meet liquidity needs of investors by providing investors a daily payout through investment in Shariah Compliant money market instruments.

The Fund shall be subject to such exposure limits as are specified in the Rules, the Regulations and directives issued by SECP from time to time. The Fund will make daily payout to the unit holders, which will be reinvested.

MANAGER OF
LARGEST
MONEY MARKET FUND

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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

AUDITORS
A. F. Ferguson & Co.
Chartered Accountants
State Life Building# 1-C,
I.I. Chundrigar Road , Karachi-74000

SHARIAH ADVISER
Meezan Bank Limited

BANKERS TO THE FUND
Allied Bank Limited
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Bank Of Punjab – Islamic Banking
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
Habib Bank Limited -Islamic Banking
Meezan Bank Limited

LEGAL ADVISER
Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (9221) 35156191-94 Fax: (9221) 35156195
E-mail:

TRANSFER AGENT
Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

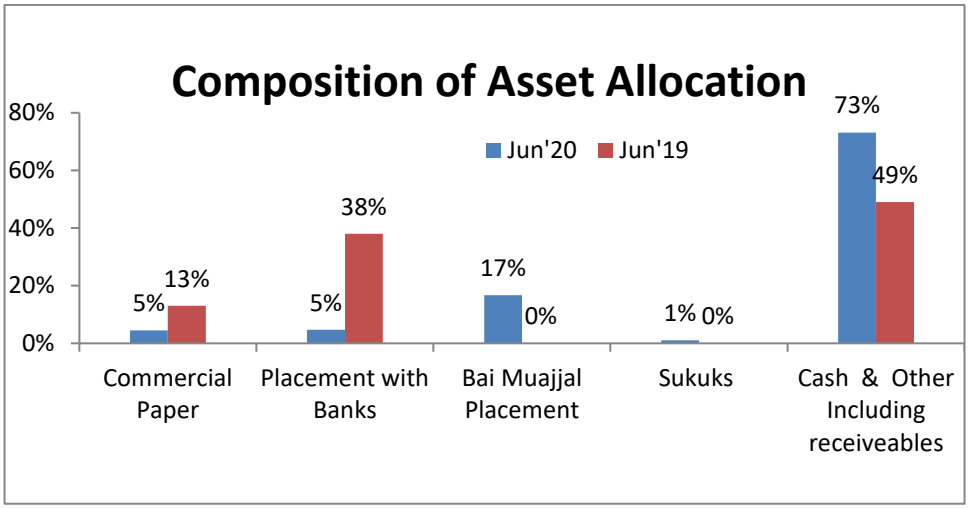
REPORT OF THE FUND MANAGER
Meezan Rozana Amdani Fund (MRAF)

Type of Fund
Open end money market fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

Objective
Its objective is to meet liquidity needs of investors by providing investors a daily pay out through investment in Shariah Compliant money market instruments.

Investment Policy and Strategy
The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term tenors. As per its investment policy, MRAF can invest or place funds in instruments/avenues with a credit rating of at least 'double A' (AA). Moreover, the investment policy limits interest rate risk by capping the maturity of instruments up to a maximum of six months, along with maximum portfolio duration of three months.

Sector Allocation as on June 30th 2020



Performance Review
Meezan Rozana Amdani Fund (MRAF) provided a return of 11.76% to its investors for the year ended June 30, 2020 as compared to its benchmark return of 5.37%.

	MRAF	Benchmark
Net Asset Value as on June 30, 2019	50.00	
Net Asset Value as on June 30, 2020	50.00	
Return During the Period - Net	11.76%	5.37%
Outperformance – Net	6.39%	

Benchmark: 3 Month average deposit rate of 3 AA rated Islamic Banks

The Fund earned a gross income of Rs. 3,851 million, which was primarily due to profit on bank deposits, placements and Sukuks amounting to Rs. 3,850 million. The fund also incurred expenses totalling to Rs. 313 million, which brought the net income figure to Rs. 3,538 million. The net assets of the Fund as at June 30, 2019 were Rs. 53,351 million as compared to Rs. 16,134 million at the end of last year depicting an increase of 231%. The net asset value per unit as at June 30, 2020 was Rs. 50 (Ex-dividend).

Distributions

The Total Pay-out by the Fund during the period ended June 30, 2020 was Rs. 5.51 per unit (11.02%). Total distribution made by the fund was Rs. 3,538 million.

Fund Stability Rating

VIS Credit Rating Company has assigned Stability Rating of AA (f) to the Fund.

Breakdown of unit holdings by size

(As on June 30, 2020)

Range (Units)	No. of investors
1 - 9,999	514
10,000 - 49,999	1538
50,000 - 99,999	406
100,000 - 499,999	461
500,000 and above	113
Total	**3,032**

PERFORMANCE TABLE	2020	2019
Net assets (Rs '000) (ex-distribution)	**53,350,947**	16,134,440
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	**50.0000**	50.0000
Offer price per unit as at June 30 (Rs) (ex-distribution) *	**50.0000**	50.0000
Distribution (%)	**5.5092**	2.467
- Final distribution		
Income distribution (Rupees in '000)	**3,537,655**	455,648
Growth distribution (Rupees in '000)	**-**	-
Highest offer price per unit (Rs.)	**50.0000**	50.0000
Lowest offer price per unit (Rs.)	**50.0000**	50.0000
Highest redemption price per unit (Rs.)	**50.0000**	50.0000
Lowest redemption price per unit (Rs.) *	**50.0000**	50.0000
Total return (%)	**11.76%**	9.97%

	One Year	Two Year
Average annual return (%) as at June 30, 2020	**11.76%**	10.86%

Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Rozana Amdani Fund

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 1, 2019 to June 30, 2020 was the Second year of operations of Meezan Rozana Amdani Fund (MRAF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, we have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

i. We have reviewed and approved the modes of investments of MRAF in light of the *Shari'ah* guidelines.

ii. All the provisions of the scheme and investments made on account of MRAF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.

iii. On the basis of information provided by the management, all the operation of MRAF for the year ended June 30, 2020 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shariah Advisor

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
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Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ROZANA AMDANI FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Rozana Amdani Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Rozana Amdani Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Rozana Amdani Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 38,829.879 million and balances with banks aggregated to Rs 14,938.606 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, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others 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, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; ▪ Ensured that the investments are carried as per the valuation methodology specified in the accounting policies; and ▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN ROZANA AMDANI FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Assets			
Balances with banks	5	38,829,879	7,673,651
Investments	6	14,938,606	8,359,401
Receivable against conversion of units		95,551	74,205
Profit accrued	7	184,297	160,695
Deposits and prepayments	8	278	266
Preliminary expenses and floatation costs	9	699	899
Total assets		54,049,310	16,269,117
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	10	36,196	9,360
Payable to Central Depository Company of Pakistan Limited - Trustee	11	3,213	1,173
Payable to the Securities and Exchange Commission of Pakistan	12	6,657	3,418
Payable against conversion and redemption of units		524,590	96,609
Dividend payable		13,279	9,333
Accrued expenses and other liabilities	13	114,428	14,784
Total liabilities		698,363	134,677
NET ASSETS		53,350,947	16,134,440
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		53,350,947	16,134,440
CONTINGENCIES AND COMMITMENTS	14		
NUMBER OF UNITS IN ISSUE		1,067,018,923	322,688,791
		----- Rupees -----	
NET ASSET VALUE PER UNIT		50.0000	50.0000

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN ROZANA AMDANI FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2020	For the period from December 28, 2018 to June 30, 2019
		(Rupees in '000)	
Income			
Profit on commercial papers and sukuks		399,909	56,020
Profit on term deposits		320,400	54,699
Profit on Bai muajjal		508,583	18,828
Profit on saving accounts with banks		2,621,517	372,611
Net realised gain on sale of investment		352	-
Total income		3,850,761	502,158
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	10.1	86,836	25,108
Sindh Sales Tax on remuneration of the Management Company	10.2	11,289	3,264
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	21,634	3,637
Sindh Sales Tax on remuneration of the Trustee	11.2	2,813	473
Annual fees to the Securities and Exchange Commission of Pakistan	12	6,657	3,418
Selling and marketing expenses	10.3	105,202	-
Auditors' remuneration	15	438	200
Amortisation of preliminary expenses and floatation costs	9	200	101
Fees and subscription		1,876	570
Brokerage expenses		2,186	85
Bank and settlement charges		1,778	355
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1	72,197	9,299
Total expenses		313,106	46,510
Net income for the year / period before taxation		3,537,655	455,648
Taxation	17	-	-
Net income for the year / period after taxation		3,537,655	455,648
Allocation of net income for the year / period			
Net income for the year / period after taxation		3,537,655	455,648
Income already paid on units redeemed		-	-
		3,537,655	455,648
Accounting income available for distribution			
- Relating to capital gains		352	-
- Excluding capital gains		3,537,303	455,648
		3,537,655	455,648

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN ROZANA AMDANI FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	For the year ended June 30, 2020	For the period from December 28, 2018 to June 30, 2019
	(Rupees in '000)	
Net income for the year / period after taxation	3,537,655	455,648
Other comprehensive income for the year / period	-	-
Total comprehensive income for the year / period	3,537,655	455,648

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN ROZANA AMDANI FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	For the year ended June 30, 2020			For the period from December 28, 2018 to June 30, 2019		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year / period	16,134,440	-	16,134,440	-	-	-
Issuance of 2,555,661,207 units						
- Capital value (at par value per unit at the beginning of the year / period)	127,783,060	-	127,783,060	28,633,757	-	28,633,757
- Element of income / (loss)	-	-	-	-	-	-
Total proceeds on issuance of units	127,783,060	-	127,783,060	28,633,757	-	28,633,757
Redemption of 1,811,331,075 units						
- Capital value (at par value per unit at the beginning of the year / period)	90,566,553	-	90,566,553	12,499,317	-	12,499,317
- Element of (income) / loss	-	-	-	-	-	-
Total payments on redemption of units	90,566,553	-	90,566,553	12,499,317	-	12,499,317
Total comprehensive income for the year / period	-	3,537,655	3,537,655	-	455,648	455,648
Distribution during the year / period *	-	(3,537,655)	(3,537,655)	-	(455,648)	(455,648)
Net income for the year / period less distribution	-	-	-	-	-	-
Net assets at the end of the year / period	53,350,947	-	53,350,947	16,134,440	-	16,134,440

Undistributed income brought forward		
- Realised income	-	-
- Unrealised income	-	-
	-	-
Accounting income available for distribution		
- Relating to capital gains	352	-
- Excluding capital gains	3,537,303	455,648
	3,537,655	455,648
Distribution during the year: Rs. 5.5092 per unit i.e 11.02% of the par value of Rs. 50/- each (2019: Rs 2.4687 per unit i.e 9.79%)	(3,537,655)	(455,648)
Undistributed income carried forward	-	-
Undistributed income carried forward		
- Realised income	-	-
- Unrealised income	-	-
	-	-

	(Rupees)	(Rupees)
Net assets value per unit at the beginning of the year / period	50.0000	50.0000
Net assets value per unit at the end of the year / period	50.0000	50.0000

The annexed notes from 1 to 30 form an integral part of these financial statements.

* Meezan Rozana Amdani Fund is required to distribute dividend on a daily basis on each business day. The cumulative distribution per unit for the year ended June 30, 2020 amounted to Rs. 5.5092 (2019: Rs. 2.4687) per unit.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN ROZANA AMDANI FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2020	For the period from December 28, 2018 to June 30, 2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year / period before taxation		3,537,655	455,648
Adjustment for non-cash items:			
Amortisation of preliminary expenses and floatation costs		200	101
(Increase) / decrease in assets			
Investments		(8,712,767)	(3,709,401)
Profit accrued		(23,602)	(160,695)
Deposits and prepayments		(12)	(266)
Preliminary expenses and flotation costs		-	(1,000)
		(8,736,381)	(3,871,362)
Increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		26,836	9,360
Payable to the Central Depository Company of Pakistan Limited - Trustee		2,040	1,173
Payable to the Securities and Exchange Commission of Pakistan		3,239	3,418
Accrued expenses and other liabilities		99,644	14,784
		131,759	28,735
Net cash used in operating activities		(5,066,767)	(3,386,878)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		127,761,714	28,559,552
Payments against redemption and conversion of units		(90,138,572)	(12,402,708)
Dividend paid		(3,533,709)	(446,315)
Net cash generated from financing activities		34,089,433	15,710,529
Net increase in cash and cash equivalents		29,022,666	12,323,651
Cash and cash equivalents at the beginning of the year / period		12,323,651	-
Cash and cash equivalents at the end of the year / period	19	41,346,317	12,323,651

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Rozana Amdani Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on October 29, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

1.2 The investment objective of the Fund is to meet liquidity needs of investors by providing investors a daily payout through investment in Shariah Compliant money market instruments. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.3 The Fund is an open-end Shariah Compliant Money Market Scheme and has the following specific features:

(a) Dividend will be distributed to the entitled unit holders on a daily basis (i.e. each business day).
(b) Daily dividend received by the unit holder shall be reinvested.

By distributing dividend on a daily basis, the Management Company is required to ensure that total distribution in an accounting period accumulates to an amount that is required under the tax laws and other regulations in force.

1.4 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

1.5 The Management Company has been assigned a quality rating of AM1 by PACRA dated June 26, 2020 (2019: AM1 dated June 28, 2019) and VIS dated December 31, 2019 (2019: AM1 dated December 28, 2018). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The stability rating of the Fund is AA(f) given by VIS Credit Rating Company Limited.

1.6 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- 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, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as at fair value through profit or loss' which are measured at their respective fair values.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.2 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recoginses loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.3.2.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

4.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

4.3.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments.These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.8 Issue and redemption of units

Units of the Scheme shall be allocated on the basis of Purchase (Offer) Price applicable on the date of realization of subscription money into the bank account of the Scheme.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption application during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.9 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year. As more fully explained in note 1.3 to the financial statements, the Fund is required to make distribution on each business day.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits and term deposit receipts is recognised on time proportion basis using the effective yield method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Income on sukuk certificates, placements and government securities is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by SECP for which the profits are recorded on cash basis.
- Income on bai muajjal is recognised on time proportion basis, the difference between the sale and the credit price is recognised over the credit period.

4.12 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

4.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

4.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS	Note	2020	2019
		(Rupees in '000)	
Balances with banks in:			
Savings accounts	5.1	38,829,845	7,673,626
Current account		34	25
		38,829,879	7,673,651

5.1 The balances in saving accounts have an expected profit ranging from 1.50% to 14.25 % per annum (2019: 4.00% to 11.85% per annum)

6 INVESTMENTS	Note	2020	2019
		(Rupees in '000)	
At fair value through profit or loss			
Corporate sukuks	6.1	675,000	675,000
Commercial papers	6.2	2,466,695	1,558,584
Term deposit receipts - having original maturity of 3 months or less	6.3	2,516,438	4,650,000
Bai Muajjal receivable	6.4	9,280,473	1,475,817
		14,938,606	8,359,401

6.1 Corporate sukuks

Name of the security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the period	Sales / redemptions during the period	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation	
										Net assets of the Fund	Total market value of investment
			--------Certificates---------				(Rupees in '000)			---------- % ----------	
Hub Power Company Limited - II (A1+, PACRA) (note 6.1.1)	October 2, 2019	3 months Kibor plus base rate of 1.00%	135,000	-	135,000	-	-	-	-	-	-
Hub Power Company Limited II (A1+, PACRA) (note 6.2.1)	May 21, 2020	3 months Kibor plus base rate of 1.50%	-	6,000	6,000	-	-	-	-	-	-
Hub Power Company Limited II (A1+, PACRA) (note 6.2.1)	November 19 , 2020	6 months Kibor plus base rate of 1.50%	-	6,750	-	6,750	675,000	675,000	-	1.27%	4.52%
Total as at June 30, 2020							675,000	675,000			
Total as at June 30, 2019							675,000	675,000			

6.1.1 The nominal value of these sukuk certificates is Rs 100,000 each except for sukuk certificates that matured on October 2, 2019 which have nominal value of Rs 5,000 each.

6.2 Commercial Papers

Name of the security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the period	Sales / redemptions / maturity during the period	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	As a percentage of net assets of the fund	As a percentage of total market value of investment
			--------Certificates---------				(Rupees in '000)			---- % ----	
K-Electric Limited CP II (note 6.2.1)	September 2, 2019	6 months Kibor plus base rate of 0.90%	1,589	-	1,589	-	-	-	-	-	-
K-Electric Limited CP-2 Sukuk (note 6.1.1)	February 28, 2020	6 months Kibor plus base rate of 1.30%	-	1,200	1,200	-	-	-	-	-	-
K-Electric Limited CP-3 Sukuk (note 6.1.1)	March 19, 2020	6 months Kibor plus base rate of 1.30%	-	1,420	1,420	-	-	-	-	-	-
K-Electric Limited CP-5 Sukuk (note 6.1.1)	August 14, 2020	6 months Kibor plus base rate of 1.15%	-	600	-	600	590,131	590,131	-	1.11%	3.95%
K-Electric Limited CP-6 Sukuk (note 6.1.1)	August 26, 2020	6 months Kibor plus base rate of 1.15%	-	600	-	600	587,440	587,440	-	1.10%	3.93%
K-Electric Limited CP-7 Sukuk (note 6.1.1)	September 10, 2020	6 months Kibor plus base rate of 1.15%	-	800	-	800	780,140	780,140	-	1.46%	5.22%
K-Electric Limited CP-8 Sukuk (note 6.1.1)	October 06, 2020	6 months Kibor plus base rate of 1.15%	-	525	-	525	508,984	508,984	-	0.95%	3.41%
Total as at June 30, 2020							2,466,695	2,466,695			
Total as at June 30, 2019							1,558,584	1,558,584			

6.2.1 The nominal value of these commercial papers is Rs 1,000,000 each.

6.2.2 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

6.3 Term deposit receipts

Name of the bank	Maturity date	Profit rate	As at July 1, 2019	Term deposit receipts placed during the period	Matured during the period	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (loss) / gain as at June 30, 2020	Percentage of total market value of investments
		%		---------- (Rupees in '000) ----------					%
Having original maturity of 3 months or less									
Faysal Bank Limited	September 8, 2019	12.15%	1,550,000	-	1,550,000	-	-	-	-
Askari Bank Limited	September 17, 2019	12.05%	1,600,000	-	1,600,000	-	-	-	-
Meezan Bank Limited	September 20, 2019	12.25%	1,500,000	-	1,500,000	-	-	-	-
Faysal Bank Limited	December 6, 2019	13.53%	-	2,000,000	2,000,000	-	-	-	-
Meezan Bank Limited	December 2, 2019	13.50%	-	1,200,000	1,200,000	-	-	-	-
Meezan Bank Limited	December 20, 2019	13.50%	-	1,500,000	1,500,000	-	-	-	-
United Bank Limited	June 01, 2020	7.50%	-	2,500,000	2,500,000	-	-	-	-
Dubai Islamic Bank Pakistan Limited	June 15, 2020	6.50%	-	2,000,000	2,000,000	-	-	-	-
United Bank Limited	July 02, 2020	7.35%	-	2,516,438	-	2,516,438	2,516,438	-	16.85%
	As at June 30, 2020			11,716,438	13,850,000	2,516,438	2,516,438	-	16.85%
	As at June 30, 2019			7,290,000	2,640,000	4,650,000	4,650,000	-	55.63%

6.4 Bai Muajjal receivable

The Fund entered into certain Bai Muajjal Transactions with Pak Brunei Investment Company limited, United Bank limited, Pak Kuwait investment Company limited and Samba Bank limited against K-Electric Limited Commercial Papers having profit ranging from 7.00% to 12.70% per annum with latest maturity on December 22, 2020. The total transaction value is Rs. 9,488.07 million which includes deferred profit of Rs. 439.152 million.

6.4.1 The carrying amount of the Bai Muajjal receivable includes accrued profit amounting to Rs. 231.555 million.

		Note	2020	2019
7	**PROFIT ACCRUED**		(Rupees in '000)	
	Profit accrued on:			
	Bank balances		157,036	115,926
	Term deposit receipts		19,635	24,580
	Sukuk certificates		7,626	20,189
			184,297	160,695
8	**DEPOSITS AND PREPAYMENTS**			
	Security deposit with Central Depository Company of Pakistan Limited		100	100
	Prepayments		178	166
			278	266
9	**PRELIMINARY EXPENSES AND FLOTATION COSTS**			
	At the beginning of the year		899	-
	Preliminary expenses and flotation costs incurred		-	1,000
	Less: amortisation during the period		(200)	(101)
	At the end of the year	9.1	699	899

9.1 Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

		Note	2020	2019
10	**PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY**		(Rupees in '000)	
	Management fee payable	10.1	1,440	8,283
	Sindh Sales Tax payable on remuneration of the Management Company	10.2	187	1,077
	Selling and marketing expenses payable	10.3	34,569	-
			36,196	9,360

10.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit.

During the year, the Management Company has charged the remuneration at 5% of gross earnings of the Fund subject to minimum of 0.25% and maximum of 1% of average annual net assets. Effective from July 22, 2019, the Management Company has reduced charging of the remuneration from 5% to 2% of gross earnings of the Fund subject to minimum of 0.25% and maximum of 1% of average annual net assets and has charged accordingly at the same rates.

10.2 During the year, an amount of Rs. 11.289 million (2019: Rs. 3.264 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 12.179 million (2019: 2.187 million) has been paid to the Management Company which acts as a collecting agent.

10.3 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Effective from July 22, 2019, the Management Company started charging selling and marketing expenses to the Fund. The Management Company, based on its own discretion determined a capping of 0.34% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which had also been approved by the Board. The Management Company, based on its own discretion has suspended the charging of selling & marketing expenses from June 22, 2020.

		Note	2020	2019
11	**PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**		(Rupees in '000)	
	Trustee fee payable	11.1	2,843	1,038
	Sindh Sales Tax payable on trustee fee	11.2	370	135
			3,213	1,173

11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed. Effective from July 1, 2019, the trustee has revised its tariff as under:

Previous Tariff		Revised Tariff
Net Assets (Rs.)	**Fee**	
Up to Rs. 1 billion	0.15% per annum of net assets	0.065% per annum of Net Assets.
From Rs. 1 billion to Rs. 10 billion	Rs 1.5 million plus 0.075% per annum of net assets exceeding Rs 1 billion	
Exceeding Rs. 10 billion	Rs 8.25 million plus 0.06% per annum of net assets exceeding Rs 10 billion	

11.2 During the year, an amount of Rs 2.813 million (2019: Rs. 0.473 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 2.578 million (2019: 0.338 million) was paid to the Trustee which acts as a collecting agent.

12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to money market fund was 0.075%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2020	2019
		(Rupees in '000)	
Auditors' remuneration payable		282	200
Brokerage payable		1,341	85
Shariah advisor fee payable		540	538
Withholding tax payable		29,570	4,649
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1	81,496	9,299
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		77	-
Other payable		367	-
Zakat payable		755	13
		114,428	14,784

13.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from December 28, 2018 to June 30, 2020, the net asset value of the Fund and accordingly, dividend payout as at June 30, 2020 would have been higher by Re. 0.08 per unit (2019: Re. 0.03 per unit).

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

15 AUDITORS' REMUNERATION

	For the year ended June 30, 2020	For the period from December 28, 2018 to June 30, 2019
	(Rupees in '000)	
Statutory Audit Fee	297	200
Half Yearly Review Fee	122	-
Out Of Pocket Expenses	19	-
	438	200

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 0.94% which includes 0.28% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market scheme.

17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in Finance Act, 2015 is also not applicable on funds as per Section 4B of the Income Tax Ordinance, 2001.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

18.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and unit holders holding 10 percent or more of the Fund's net assets.

18.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

18.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.

18.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

18.5 The details of transactions carried out by the Fund with connected persons during the period and balances with them as at period end are as follows:

Balances	2020	2019
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Management fee payable	1,440	8,283
Sindh Sales Tax payable on management remuneration	187	1,077
Selling and marketing expense payable	34,569	-
Investment of 33,990,446 units (2019:16,629,842 units)	1,699,522	835,975
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	2,843	1,038
Sindh Sales Tax on trustee fee payable	370	135
Security deposit	100	100
CDS Charges Paybale	77	-
Meezan Bank Limited		
Balance with bank	175,445	55,616
Profit receivable on saving account	1,864	364
Meezan Strategic Allocation Fund - MSAP - I		
Investment of Nil units (2019:1,486,486 units)	-	74,324
Meezan Strategic Allocation Fund - MSAP - II		
Investment of Nil units (2019:1,014,332 units)	-	50,717
Meezan Strategic Allocation Fund - MSAP - III		
Investment of Nil units (2019:1,222,400 units)	-	61,120

	2020	2019
	(Rupees in '000)	
Meezan Strategic Allocation Fund - MSAP - IV		
Investment of Nil units (2019:1,378,452 units)	-	68,923
Meezan Strategic Allocation Fund - MSAP - V		
Investment of Nil units (2019:220,080 units)	-	11,004
Meezan Strategic Asset Allocation Fund - MCPP - III		
Investment of Nil units (2019:4,521,293 units)	-	226,065
Meezan Strategic Allocation Fund -II - MCPP - IV		
Investment of Nil units (2019:6,081,739 units)	-	304,087
Meezan Strategic Allocation Fund-II - MCPP - V		
Investment of Nil units (2019:2,000,572 units)	-	100,029
Meezan Strategic Allocation Fund II- MCPP - VI		
Investment of Nil units (2019:1,420,406 units)	-	71,020
Meezan Strategic Allocation Fund II- MCPP - VII		
Investment of Nil units (2019:760,217 units)	-	38,011
Meezan Strategic Allocation Fund II- MCPP - VIII		
Investment of Nil units (2019: 460,132 units)	-	23,007
Unitholders holding 10 percent or more of the Fund		
Investment of 228,629,749 units (2019: 58,295,559 units)	11,431,488	2,914,778
Directors and Executives of the Management Company		
Investment of 163,605 units (2019: 2,291,179 units)	8,180	114,559

Transactions during the period	For the year ended June 30, 2020	For the period from December 28, 2018 to June 30, 2019
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration of the Management Company	86,836	25,108
Sindh Sales Tax on remuneration of the Management Company	11,289	3,264
Selling and marketing expense	105,202	-
Units issued: 80,278,510 units (2019: 16,629,842 units)	4,013,926	835,975
Units redeemed: 62,917,906 units (2019: Nil units)	3,145,895	-
Dividend paid	148,289	29,888
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	21,634	3,637
Sindh Sales Tax on remuneration of the Trustee	2,813	473
Settlement charges	1,101	174
Meezan Bank Limited		
Profit on saving account	50,139	1,689
Term deposit receipt placed	2,700,000	-
Term deposit receipt matured	4,200,000	-
Profit on term deposit receipts	132,910	-
Meezan Strategic Allocation Fund - MSAP - I		
Units issued: 25,261,350 units (2019 : 1,700,486 units)	1,263,068	85,024
Units redeemed: 26,747,836 units (2019 : 214,000 units)	1,337,392	10,700
Dividend paid	38,296	24
Meezan Strategic Allocation Fund - MSAP - II		
Units issued: 4,787,998 units (2019 :1,1160,332 units)	239,400	58,017
Units redeemed: 5,802,330 units (2019 :146,000 units)	290,117	7,300
Dividend paid	13,542	17

	For the year ended June 30, 2020	For the period from December 28, 2018 to June 30, 2019
	(Rupees in '000)	
Meezan Strategic Allocation Fund - MSAP - III		
Units issued: 7,202,722 units (2019: 1,400,000 units)	360,136	70,020
Units redeemed: 8,425,122 units (2019: 178,000 units)	421,256	8,900
Dividend paid	21,485	20
Meezan Strategic Allocation Fund - MSAP - IV		
Units issued: 7558,004 units (2019: 1,580,452 units)	377,900	79,023
Units redeemed: 8,936,456 units (2019: 202,000 units)	446,823	10,100
Dividend paid	22,651	23
Meezan Strategic Allocation Fund - MSAP - V		
Units issued: 2,309,749 units (2019: 280,000 units)	115,487	14,004
Units redeemed: 2,529,829 units (2019: 60,000 units)	126,491	3,000
Dividend paid	5,876	4
Meezan Strategic Asset Allocation Fund - MCPP - III		
Units issued: 42,294,146 units (2019: 4,521,293 units)	2,114,707	226,065
Units redeemed: 46,815,439 units (2019: Nil units)	2,340,772	65
Dividend paid	44,688	-
Meezan Strategic Allocation Fund II - MCPP - IV		
Units issued: 52,195,260 units (2019: 6,081,739 units)	2,609,763	304,087
Units redeemed: 58,276,999 units (2019: Nil units)	2,913,850	87
Dividend paid	81,101	-
Meezan Strategic Allocation Fund II - MCPP - V		
Units issued: 12,839,426 units (2019: 2,000,572 units)	641,971	100,029
Units redeemed: 14,839,998 units (2019: Nil units)	742,000	-
Dividend paid	21,695	29
Meezan Strategic Allocation Fund II - MCPP - VI		
Units issued: 8,127,302 units (2019: 1,420,406 units)	406,365	71,020
Units redeemed: 9,547,708 units (2019: Nil units)	477,385	20
Dividend paid	19,336	-
Meezan Strategic Allocation Fund II - MCPP - VII		
Units issued: 4,565,434 units (2019: 760,217 units)	228,272	38,011
Units redeemed: 5,325,651 units (2019: Nil units)	266,283	11
Dividend paid	10,928	-
Meezan Strategic Allocation Fund II - MCPP - VIII		
Units issued: 5,736,944 units (2019: 460,132 units)	286,847	23,007
Units redeemed: 6,197,076 units (2019: Nil units)	309,854	7
Dividend paid	6,581	-
Meezan Strategic Allocation Fund III - MCPP - IX		
Units issued: 4,800,693 units (2019: Nil units)	240,035	-
Units redeemed: 4,800,693 units (2019: Nil units)	240,035	-
Dividend paid	6,130	-
Directors and Executives of the Management Company		
Units issued: 2,550,952 units (2019: 2,550,952 units)	15,635	127,913
Units redeemed: 259,773 units (2019: 259,773 units)	122,013	12,989
Dividend paid	1,430	3,651

18.6 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

	Note	2020	2019
		(Rupees in '000)	
19 CASH AND CASH EQUIVALENTS			
Cash and bank balances	5	38,829,879	7,673,651
Term deposit receipt (with original maturity of three months)	6.3	2,516,438	4,650,000
		41,346,317	12,323,651

20 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	38,829,879	-	38,829,879
Investments	-	14,938,606	14,938,606
Receivable against conversion of units	95,551	-	95,551
Profit accrued	184,297	-	184,297
Deposits	100	-	100
	39,109,827	14,938,606	54,048,433

	2020		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	36,196	36,196
Payable to Central Depository Company of Pakistan Limited - Trustee	-	3,213	3,213
Payable against conversion and redemption of units	-	524,590	524,590
Dividend payable	-	13,279	13,279
Accrued expenses and other liabilities	-	2,607	2,607
	-	579,885	579,885

	2019		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	7,673,651	-	7,673,651
Investments	-	8,359,401	8,359,401
Receivable against conversion of units	74,205	-	74,205
Profit accrued	160,695	-	160,695
Deposits	100	-	100
	7,908,651	8,359,401	16,268,052

	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	-	9,360	9,360
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,173	1,173
Payable against conversion and redemption of units	-	96,609	96,609
Dividend payable	-	9,333	9,333
Accrued expenses and other liabilities	-	823	823
	-	117,298	117,298

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, 2008, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Risks managed and measured by the Fund are explained below:

21.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: profit rate risk, currency risk and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks and investments in corporate sukuks, commercial papers, term deposit receipts and Bai Muajjal. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund's profit rate risk arises from the balances in savings accounts and investment in corporate sukuks and term deposit receipts. At June 30, 2020, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the period then ended would have been higher / lower by Rs 420.21 million (2019: Rs 129.99 million).

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in commercial papers and Bai Muajjal. At June 30, 2020, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the period then ended would have been higher / lower by Rs 117.472 million (2019: Rs. 30.344 million)

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:

	2020					
		Exposed to profit rate risk				
	Effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to profit rate risk	Total
		Rupees in '000				
Financial assets						
Balances with banks	1.50% to 14.25%	38,829,845	-	-	34	38,829,879
Investments	6.50% to 13.64%	8,559,700	6,378,906	-	-	14,938,606
Receivable against conversion of units		-	-	-	95,551	95,551
Profit accrued		-	-	-	184,297	184,297
Deposits		-	-	-	100	100
		47,389,545	6,378,906	-	279,982	54,048,433
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	36,196	36,196
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	3,213	3,213
Dividend payable					13,279	13,279
Payable against conversion and redemption of units		-	-	-	524,590	524,590
Accrued expenses and other liabilities		-	-	-	2,607	2,607
		-	-	-	579,885	579,885
On-balance sheet gap (a)		47,389,545	6,378,906	-	(299,903)	53,468,548
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		47,389,545	6,378,906	-		
Cumulative profit rate sensitivity gap		47,389,545	53,768,451	53,768,451		

	2019					
		Exposed to profit rate risk				
	Effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to profit rate risk	Total
		Rupees in '000				
Financial assets						
Balances with banks	4.00% to 11.85%	7,673,626	-	-	25	7,673,651
Investments	10.6% to 12.25%	2,150,817	6,208,584	-	-	8,359,401
Receivable against conversion of units		-	-	-	74,205	74,205
Profit accrued		-	-	-	160,695	160,695
Deposits		-	-	-	100	100
		9,824,443	6,208,584	-	235,025	16,268,052
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	9,360	9,360
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,173	1,173
Payable against conversion and redemption of units		-	-	-	96,609	96,609
Dividend Payable		-	-	-	9,333	9,333
Accrued expenses and other liabilities		-	-	-	823	823
		-	-	-	117,298	117,298
On-balance sheet gap (a)		9,824,443	6,208,584	-	117,727	16,150,754
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		9,824,443	6,208,584	-		
Cumulative profit rate sensitivity gap		9,824,443	16,033,027	16,033,027		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

21.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year ended June 30, 2020.

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:

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	---------Rupees in '000---------						
Financial assets							
Balances with banks	38,829,879	-	-	-	-	-	38,829,879
Investments	-	8,559,700	6,378,906	-	-	-	14,938,606
Receivable against conversion of units	95,551	-	-	-	-	-	95,551
Profit accrued	176,671	7,626	-	-	-	-	184,297
Deposits	-	-	-	-	-	100	100
	39,102,101	8,567,326	6,378,906	-	-	100	54,048,433
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	36,196	-	-	-	-	-	36,196
Payable to the Central Depository Company of Pakistan Limited - Trustee	3,213	-	-	-	-	-	3,213
Payable against conversion and redemption of units	524,590	-	-	-	-	-	524,590
Dividend payable	13,279						13,279
Accrued expenses and other liabilities	1,785	822	-	-	-	-	2,607
	579,063	822	-	-	-	-	579,885
Net assets / (liabilities)	38,523,038	,566,504	6,378,906	-	-	100	53,468,548

	2019						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	---------Rupees in '000---------						
Financial assets							
Balances with banks	7,673,651	-	-	-	-	-	7,673,651
Investments	-	7,684,401	675,000	-	-	-	8,359,401
Receivable against conversion of units	74,205	-	-	-	-	-	74,205
Profit accrued	115,926	44,769	-	-	-	-	160,695
Deposits	-	-	-	-	-	100	100
	7,863,782	7,729,170	675,000	-	-	100	16,268,052
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	9,360	-	-	-	-	-	9,360
Payable to the Central Depository Company of Pakistan Limited - Trustee	1,173	-	-	-	-	-	1,173
Payable against conversion and redemption of units	96,609	-	-	-	-	-	96,609
Dividend payable	9,333	-	-	-	-	-	9,333
Accrued expenses and other liabilities	85	738	-	-	-	-	823
	116,560	738	-	-	-	-	117,298
Net assets / (liabilities)	7,747,222	7,728,432	675,000	-	-	100	16,150,754

21.3 Credit risk

21.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks, receivable against conversion of units and credit exposure arising as a result of receivable against sale of investments. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by the Trustee of the fund minimises the credit risk. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----------Rupees In '000----------		----------Rupees In '000----------	
Balances with banks	38,829,879	38,829,879	7,673,651	7,673,651
Investments	14,938,606	14,938,606	8,359,401	8,359,401
Receivable against conversion of units	95,551	95,551	74,205	74,205
Profit accrued	184,297	184,297	160,695	160,695
Deposits	100	100	100	100
	54,048,433	54,048,433	16,268,052	16,268,052

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets.

21.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon and receivable against conversion of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets	
	2020	2019
AAA	81.20	26.19
AA+	0.45	35.32
AA	18.34	38.49
	100.00	100.00

Ratings of corporate sukuks have been disclosed in related notes to the financial statements.

21.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties thereby any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2020 are unsecured and are not impaired.

22 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Corporate sukuks *	-	675,000	-
Commercial papers **	-	2,466,695	-
Term deposit receipts - having original maturity of 3 months or less *	-	2,516,438	-
Bai Muajjal receivable **	-	9,280,473	-
	-	14,938,606	-

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Corporate sukuks *	-	675,000	-
Commercial papers **	-	1,558,584	-
Term deposit receipts - having original maturity of 3 months or less *	-	4,650,000	-
Bai Muajjal receivable **	-	1,475,817	-
	-	8,359,401	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers and Bai Muajjal receivable have been carried out based on amortisation to their face values / sale price as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and they are placed with counterparties which have high credit rating.

23 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirements of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

24 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	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	2,820	9,360,957	17.55	1,794	5,985,067	37.09
Associated Companies / Directors	2	1,706,861	3.20	14	1,140,948	7.07
Insurance Companies	2	19,797	0.04	1	10,296	0.06
Banks and DFIs	1	579,704	1.09	-	-	-
Retirement Funds	45	850,631	1.59	29	438,121	2.72
Private Limited Companies	80	32,373,233	60.67	32	5,134	0.03
Others	82	8,459,764	15.86	59	8,554,874	53.02
	3,032	53,350,947	100.00	1,929	16,134,440	100.00

25 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2020	2019
	Percentage of commission paid	
Paramount Capital (Private) Limited	60%	90%
C & M Management (Private) Limited	-	10%
Invest one markets (Private) Limited	40%	-
	100%	100%

25.1 The fund has traded with only the above mentioned two brokers / dealers during the year ended June 30, 2020.

26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Experience in years
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Four years
Mr. Taha Javed	Head of Equity	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Nine years

The Fund Manager of the Fund is Mr. Faizan Saleem, Other Funds being managed by the Fund Manager are as follows:

- Meezan Islamic Income Fund
- Meezan Sovereign Fund
- Meezan Cash Fund

27 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	Apr 15, 2020	Jun 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

28 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

30 GENERAL

30.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

30.2 Operational Risk Management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

30.3 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

Meezan
Financial Planning
Fund of Funds

Meezan Financial Planning Fund of Funds (MFPF)

Meezan Financial Planning Fund of Funds invests in Shariah compliant Fixed Income and Equity Mutual Funds in line with the risk tolerance of the investor and in doing so, it strives to generate returns on investment aligned with respective allocation plans.

ONLINE
ACCOUNT OPENING
FACILITY

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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

AUDITORS
A. F. Ferguson & Co.
Chartered Accountants
State Life Building# 1-C,
I.I. Chundrigar Road , Karachi-74000

SHARIAH ADVISER
Meezan Bank Limited

BANKERS TO THE FUND
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited

LEGAL ADVISER
Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (9221) 35156191-94 Fax: (9221) 35156195
E-mail:

TRANSFER AGENT
Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER
Meezan Financial Planning Fund of Funds (MFPF)

Type of Fund

Open-end Shariah Compliant (Islamic) Fund of Funds Scheme.

Objective
The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

Strategy and Investment Policy
MFPF has sixteen Allocation Plans which allow investors to invest according to their risk tolerance levels.

The Aggressive Allocation Plan
This Allocation Plan is suitable for Investors having a relatively higher risk tolerance and/or wish to save for long term. It shall invest at least 65% of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds.

The Moderate Allocation Plan
This Allocation Plan is suitable for Investors having a relatively moderate risk tolerance and/or wish to save for medium to long term. It shall invest at least 45% of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds

The Conservative Allocation Plan
This Allocation Plan is suitable for Investors having a relatively low risk tolerance and/or wish to save for short to medium term. It shall invest at least 20% of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds.

Meezan Asset Allocation Plan – I – IV (MAAP I-IV)
These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a combination of KSE Meezan Index 30's performance and average 6 month Islamic bank deposits as per the following detail:

Aggressive Allocation Plan	Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation.
Moderate Allocation Plan	
Conservative Allocation Plan	
Meezan Asset Allocation Plan - I	

Performance Table with Benchmark

	Returns - FY20
MFPF - Aggressive	6.86%
Benchmark	5.86%
MFPF - Moderate	10.11%
Benchmark	7.83%
MFPF - Conservative	10.96%
Benchmark	7.60%
MFPF - MAAP I	5.62%
Benchmark	5.58%

Aggressive Allocation Plan

The Aggressive Allocation Plan posted a total Income of Rs. 17 million in FY20 as compared to a total loss of Rs. 82 million last year. Total income comprised of realized gain on investments of Rs. 16 million while the unrealized loss on investments of Rs. 11 million. Dividend income and profit on saving account with banks amounted to Rs. 11 million and Rs. 1 million respectively. After accounting for expenses of Rs. 1 million, the Fund posted a net Income of Rs. 16 million. The net assets of the Fund as at June 30, 2020 were Rs. 283 million as compared to Rs. 365 million at the end of last year depicting a decline of 22%.

Moderate Allocation Plan

The Moderate Allocation Plan posted a total Income of Rs. 13 million in FY20 as compared to a total loss of Rs. 22 million last year. Total income comprised of realized gain on investments of Rs. 13 million while the unrealized loss on investments of Rs. 3 million. Dividend income amounted to Rs. 4 million. After accounting for expenses of Rs. 1 million, the Fund posted a net Income of Rs. 13 million. The net assets of the Fund as at June 30, 2020 were Rs. 119 million as compared to Rs. 203 million at the end of last year depicting a decline of 41%.

Conservative Allocation Plan

The Conservative Allocation Plan posted a total Income of Rs. 19 million in FY20 as compared to a total loss of Rs. 2 million last year. Total income comprised of realized gain on investments of Rs. 18 million while the unrealized loss on investments of Rs. 2 million. Dividend income and profit on saving account with banks amounted to Rs. 2 million and Rs. 1 million respectively. After accounting for expenses of Rs. 1 million, the Fund posted a net Income of Rs. 18 million. The net assets of the Fund as at June 30, 2020 were Rs. 144 million as compared to Rs. 222 million at the end of last year depicting a decline of 35%.

Meezan Asset Allocation Plan – I (MAAP-I)

Meezan Asset Allocation Plan-I posted a total Income of Rs. 9 million during FY20 as compared to a total loss of Rs. 140 million last year. Total income comprised of realized loss on investments of Rs. 4 million while the unrealized gain on investments of Rs. 5 million. Dividend income and profit on saving account with banks amounted to Rs. 6 million and Rs. 2 million respectively. After accounting for expenses of Rs. 1 million, the Fund posted a net Income of Rs. 8 million. The net assets of the Fund as at June 30, 2020 were Rs. 318 million as compared to Rs. 593 million at the end of last year depicting a decline of 46%.

Distributions

The Interim Pay out by the Fund during the fiscal year ended June 30, 2020 was Rs. 0.50 per unit (1%), Rs. 0.30 per unit (0.60%) and Rs. 0.45 per unit (0.90%) in Aggressive Allocation Plan, Moderate Allocation Plan and MAAP I Allocation Plan respectively. Total distribution made by the fund was Rs. 2 million, Rs, 1 million and Rs, 3 million in Aggressive Allocation Plan, Moderate allocation Plan and MAAP-I Allocation Plan respectively.

Breakdown of unit holdings by size

(As on June 30, 2020)

Breakdown of unit holdings by size				
Range (Units)	**Aggressive**	**Moderate**	**Conservative**	**MAAP-I**
	No. of investors			
1 - 9,999	546	301	263	111
10,000 - 49,999	34	41	31	42
50,000 - 99,999	4	2	6	5
100,000 - 499,999	2	2	1	5
500,000 and above	2	-	1	2
Total	**588**	**346**	**302**	**165**

As at June 30, 2020

	Aggressive	Moderate	Conservative	MAAP-I
	---------- (Rupees in '000) ----------			
Net assets (Rs. '000)	282740.2	118569.3	143878.9	318119
Net assets value / redemption price per unit as at June 30 (Rs.) (Ex Distribution)	61.6837	59.149	60.6014	49.9777
Offer price per unit as at June 30 (Rs.)	63.0777	60.1515	61.2861	0
Highest offer price per unit (Rs.)	72.5543	64.1803	61.6286	0
Lowest offer price per unit (Rs.)	51.4407	50.3956	53.3345	0
Highest redemption price per unit (Rs.)	70.9509	63.1106	60.94	51.4773
Lowest redemption price per unit (Rs.)	50.3039	49.5557	52.7386	41.3334
Distribution (%)	0.01	0.006	-	0.009
Dates of distribution (Interim)	44012	44012	-	44012
Average return (%)	0.0686	0.1011	0.1096	0.0562

As at June 30, 2019 | As at July 24, 2018

	Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV
	---------- (Rupees in '000) ----------				
Net assets (Rs. '000)	365072.3	203039	221778	592710	471046.8
Net assets value / redemption price per unit as at June 30 (Rs.) (Ex Distribution)	58.1924	53.9707	54.2174	47.7447	46.1818
Offer price per unit as at June 30 (Rs.)	59.50755	54.8855	55.2174	0	0
Highest offer price per unit (Rs.)	73.4891	69.4562	67.5615	0	0
Lowest offer price per unit (Rs.)	57.4911	54.8855	55.2173	0	0
Highest redemption price per unit (Rs.)	71.86501	68.29852	66.80657	59.93474	46.18181
Lowest redemption price per unit (Rs.)	56.22065	53.97065	54.6004	46.80285	46.08615
Distribution (%)	-	0.14	- 0.2	- -	-
Dates of distribution (Interim)	-	43644	43644	-	-
Average return (%)	-0.172	-0.092	-0.01	-0.185	-0.015

Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Financial Planning Fund of Funds

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Seventh year of operations of Meezan Financial Planning Fund of Funds (MFPF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 6.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, we have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

i. We have reviewed and approved the modes of investments of MFPF in light of the *Shari'ah* guidelines.

ii. All the provisions of the scheme and investments made on account of MFPF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.

iii. On the basis of information provided by the management, all the operation of MFPFOF for the year ended June 30, 2020 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shariah Advisor

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
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S.M.C.H.S. Main Shahra-e-Faisal
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URL: www.cdcpakistan.com
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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN FINANCIAL PLANNING FUND OF FUNDS

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Financial Planning Fund of Funds (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Financial Planning Fund of Funds

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Financial Planning Fund of Funds (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer note 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 882.827 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: ▪ Tested the design and operating effectiveness of the key controls for valuation of investments; ▪ Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	As at June 30, 2020				
		Aggressive	Moderate	Conservative	MAAP-I	Total
		(Rupees in '000)				
Assets						
Balances with banks	5	1,858	2,265	7,687	1,318	13,128
Investments	6	289,209	120,616	143,532	329,470	882,827
Receivable against conversion of units		103	9	81	-	193
Receivable against sale of investments		-	-	-	-	-
Profit receivable on saving accounts with banks		7	15	10	12	44
Total assets		291,177	122,905	151,310	330,800	896,192
Liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	7	23	14	31	27	95
Payable to Central Depository Company of Pakistan Limited - Trustee	8	22	7	18	9	56
Payable to Meezan Bank Limited		3	1	2	-	6
Payable to Securities and Exchange Commission of Pakistan	9	61	28	34	74	197
Payable on redemption and conversion of units		3,462	752	5,034	-	9,248
Dividend Payable		40	112	-	1,184	1,336
Accrued expenses and other liabilities	10	4,826	3,422	2,312	11,387	21,947
Total liabilities		8,437	4,336	7,431	12,681	32,885
NET ASSETS		282,740	118,569	143,879	318,119	863,307
UNIT HOLDERS' FUND (as per statement attached)		282,740	118,569	143,879	318,119	863,307
CONTINGENCIES AND COMMITMENTS	11					
		(Number of units)				
NUMBER OF UNITS IN ISSUE		4,583,711	2,004,577	2,374,185	6,365,222	
		(Rupees)				
NET ASSET VALUE PER UNIT		61.6837	59.1490	60.6014	49.9777	

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	As at June 30, 2019					As at July 24, 2018
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP - IV
		(Rupees in '000)					
Assets							
Balances with banks	5	5,765	4,366	4,861	725	15,717	4,045
Investments	6	364,165	202,298	219,360	603,752	1,389,575	-
Receivable against conversion of units		6	-	56	-	62	-
Receivable against sale of investments		-	-	-	-	-	473,018
Profit accrued on balances with banks		29	34	17	4	84	196
Total assets		369,965	206,698	224,294	604,481	1,405,438	477,259
Liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	7	60	26	21	52	159	111
Payable to Central Depository Company of Pakistan Limited - Trustee	8	38	18	27	44	127	33
Payable to Meezan Bank Limited		1	-	-	-	1	-
Payable to the Securities and Exchange Commission of Pakistan	9	440	232	237	701	1,610	630
Payable on redemption and conversion of units		192	338	314	-	844	-
Dividend Payable		-	-	-	-	-	-
Accrued expenses and other liabilities	10	4,162	3,045	1,917	10,974	20,098	5,438
Total liabilities		4,893	3,659	2,516	11,771	22,839	6,212
NET ASSETS		365,072	203,039	221,778	592,710	1,382,599	471,047
UNIT HOLDERS' FUND (as per statement attached)		365,072	203,039	221,778	592,710	1,382,599	471,047
CONTINGENCIES AND COMMITMENTS	11						
		(Number of units)					
NUMBER OF UNITS IN ISSUE		6,273,536	3,762,017	4,061,839	12,414,152		10,199,830
		(Rupees)					
NET ASSET VALUE PER UNIT		58.1924	53.9707	54.6004	47.7447		46.1818

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2020				
		Aggressive	Moderate	Conservative	MAAP-I	Total
		(Rupees in '000)				
Income						
Dividend income		11,515	3,391	2,160	6,244	23,310
Profit on saving accounts with banks		599	458	507	1,778	3,342
Net realised gain / (loss) on sale of investments		16,014	12,849	18,080	(3,749)	43,194
		28,128	16,698	20,747	4,273	69,846
Net unrealised (diminution) / appreciation on re-measurement of 'investments classified as financial assets at fair value through profit or loss'	6.1	(11,085)	(3,221)	(1,968)	5,253	(11,021)
Total income		17,043	13,477	18,779	9,526	58,825
Expenses						
Remuneration to Al Meezan Investment Management Limited - Management Company	7.1	62	44	54	119	279
Sindh Sales Tax on remuneration of the Management Company	7.2	8	6	7	15	36
Allocated expenses	7.3	312	139	169	370	990
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	218	97	118	259	692
Sindh Sales Tax on remuneration of the Trustee	8.2	28	13	15	34	90
Annual fee to Securities and Exchange Commission of Pakistan	9	62	28	34	74	198
Auditors' remuneration	12	181	82	100	226	589
Fees and subscription		92	42	50	111	295
Bank and settlement charges		4	3	2	3	12
Provision for Sindh Workers' Welfare Fund	10.1	321	260	365	166	1,112
Printing charges		2	-	-	-	2
Total expenses		1,290	714	914	1,377	4,295
Net income for the year before taxation		15,753	12,763	17,865	8,149	54,530
Taxation	14	-	-	-	-	-
Net income for the year after taxation		15,753	12,763	17,865	8,149	54,530
Allocation of net income for the year						
Net income for the year after taxation		15,753	12,763	17,865	8,149	54,530
Income already paid on units redeemed		(318)	(625)	(4,425)	(24)	(5,392)
		15,435	12,138	13,440	8,125	49,138
Accounting income available for distribution						
- Relating to capital gains		4,929	9,628	16,112	1,504	32,173
- Excluding capital gains		10,506	2,510	(2,672)	6,621	16,965
		15,435	12,138	13,440	8,125	49,138

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2019					for the period from July 1, 2018 to July 24, 2018
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP - IV
		(Rupees in '000)					
Income							
Dividend income		11,062	12,878	19,388	5,903	49,231	3,569
Back end load income		-	-	-	128	128	167
Profit on saving accounts with banks		235	159	235	199	828	152
Net realised loss on sale of investments		(9,723)	(3,799)	(2,235)	(5,117)	(20,874)	(11,515)
		1,574	9,238	17,388	1,113	29,313	(7,627)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' or loss'	6	(83,876)	(31,489)	(18,974)	(141,046)	(275,385)	-
Total loss		(82,302)	(22,251)	(1,586)	(139,933)	(246,072)	(7,627)
Expenses							
Remuneration of Al Meezan Investment Management Limited - Management Company	7.1	72	43	66	61	242	69
Sindh Sales Tax on remuneration of the Management Company	7.2	9	5	9	8	31	9
Allocated expenses	7.3	464	244	250	738	1,696	32
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	415	218	224	661	1,518	27
Sindh Sales Tax on remuneration of the Trustee	8.2	54	28	29	86	197	4
Annual fees to the Securities and Exchange Commission of Pakistan	9	441	232	237	702	1,612	30
Auditors' remuneration	12	151	81	83	245	560	9
Fees and subscription		80	42	43	127	292	4
Bank and settlement charges		11	6	7	7	31	-
Provision for Sindh Worker's Welfare Fund		-	-	-	-	-	-
Printing expenses		63	35	34	101	233	3
Total expenses		1,760	934	982	2,736	6,412	187
Net loss for the year / period before taxation		(84,062)	(23,185)	(2,568)	(142,669)	(252,484)	(7,814)
Taxation	14	-	-	-	-	-	-
Net loss for the year / period after taxation		(84,062)	(23,185)	(2,568)	(142,669)	(252,484)	(7,814)
Allocation of net income for the period							
Net Income for the period / year after taxation		-	-	-	-	-	-
Income already paid on units redeemed		-	-	-	-	-	-
		-	-	-	-	-	-
Accounting income available for distribution		-	-	-	-	-	-
- Relating to capital gains		-	-	-	-	-	-
- Excluding capital gains		-	-	-	-	-	-

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	For the year ended June 30, 2020				
	Aggressive	Moderate	Conservative	MAAP-I	Total
	(Rupees in '000)				
Net income for the year after taxation	15,753	12,763	17,865	8,149	54,530
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	15,753	12,763	17,865	8,149	54,530

	'For the year ended June 30, 2019					For the period from July 1 2018, to July 24, 2018
	Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
	(Rupees in '000)					
Net loss for the year / period after taxation	(84,062)	(23,185)	(2,568)	(142,669)	(252,484)	(7,814)
Other comprehensive income / (loss) for the year / period	-	-	-	-	-	-
Total comprehensive loss for the year / period	(84,062)	(23,185)	(2,568)	(142,669)	(252,484)	(7,814)

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020			June 30, 2020			June 30, 2020			June 30, 2020			June 30, 2020		
	Aggressive			Moderate			Conservative			MAAP-I			Total		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the year	347,237	17,835	365,072	166,989	36,050	203,039	178,157	43,621	221,778	537,356	55,354	592,710	1,229,739	152,860	1,382,599
Issuance of units:															
Aggressive: 1,963,860 units / Moderate: 501,906 units /															
Conservative: 1,696,158 units / MAAP I: 28,410 units															
- Capital value (at net asset value per unit at the beginning of the year)	114,282	-	114,282	27,088	-	27,088	92,611	-	92,611	1,356	-	1,356	235,337	-	235,337
- Element of income / (loss)	10,170	-	10,170	1,693	-	1,693	6,715	-	6,715	63	-	63	18,641	-	18,641
Total proceeds on issuance of units	**124,452**	**-**	**124,452**	**28,781**	**-**	**28,781**	**99,326**	**-**	**99,326**	**1,419**	**-**	**1,419**	**253,978**	**-**	**253,978**
Redemption of units:															
Aggressive: 3,653,685 units / Moderate: 2,259,346 units															
Conservative:3,383,812 units / MAAP I: 6,077,340 units															
- Capital value (at net asset value per unit at the beginning of the year)	212,617	-	212,617	121,938	-	121,938	184,757	-	184,757	290,161	-	290,161	809,473	-	809,473
Element of loss / (income)	7,326	318	7,644	2,852	625	3,477	5,908	4,425	10,333	(8,898)	24	(8,874)	7,188	5,392	12,580
Total payments on redemption of units	**219,943**	**318**	**220,261**	**124,790**	**625**	**125,415**	**190,665**	**4,425**	**195,090**	**281,263**	**24**	**281,287**	**816,661**	**5,392**	**822,053**
Total comprehensive income for the year	-	15,753	15,753	-	12,763	12,763	-	17,865	17,865	-	8,149	8,149	-	54,530	54,530
Interim distribution fro the year / period ended June 30, 2020	-	(2,276)	(2,276)	-	(599)	(599)	-	-	-	-	(2,872)	(2,872)	-	(5,747)	(5,747)
Net Income for the year less distribution	-	13,477	13,477	-	12,164	12,164	-	17,865	17,865	-	5,277	5,277	-	48,783	48,783
Net assets at end of the year	**251,746**	**30,994**	**282,740**	**70,980**	**47,589**	**118,569**	**86,818**	**57,061**	**143,879**	**257,512**	**60,607**	**318,119**	**667,056**	**196,251**	**863,307**
Undistributed income brought forward															
- Realised income		101,711			67,539			62,595			196,400			428,245	
- Unrealised loss		(83,876)			(31,489)			(18,974)			(141,046)			(275,385)	
		17,835			36,050			43,621			55,354			152,860	
Accounting income available for distribution															
- Relating to capital gains		4,929			9,628			16,112			1,504			32,173	
- Excluding capital gains		10,506			2,510			(2,672)			6,621			16,965	
		15,435			12,138			13,440			8,125			49,138	
Distribution during the year ended June 30, 2020															
@Re 0.5000 per unit (Aggressive Allocation Plan)		(2,276)												(2,276)	
@Re 0.3000 per unit (Moderate Allocation Plan)					(599)			-						(599)	
@Re 0.4533 per unit (Meezan Asset Allocation Plan - I)											(2,872)			(2,872)	
Undistributed income carried forward		30,994			47,589			57,061			60,607			196,251	
Undistributed income carried forward															
- Realised income		42,079			50,810			59,029			55,354			207,272	
- Unrealised (loss) / income		(11,085)			(3,221)			(1,968)			5,253			(11,021)	
		30,994			47,589			57,061			60,607			196,251	
		Rupees			**Rupees**			**Rupees**			**Rupees**				
Net asset value per unit as at beginning of the year		58.1924			53.9707			54.6004			47.7447				
Net asset value per unit as at end of the year		61.6837			59.1490			60.6014			49.9777				

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE PERIOD / YEAR ENDED JUNE 30, 2020

	June 30, 2019			June 30, 2019			June 30, 2019			June 30, 2019			June 30, 2019			For the period from July 01, 2018 to July 24, 2018		
	Aggressive			Moderate			Conservative			MAAP-I			Total			MAAP-IV		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at the beginning of the period	394,890	101,897	496,787	226,557	82,538	309,095	209,956	80,512	290,468	630,891	198,023	828,914	1,462,294	462,970	1,925,264	531,432	(23,695)	507,737
Issuance of units:																		
Aggressive: 1,517,105 units / Moderate: 744,018 units / Conservative: 1,779,148 units / MAAP I: nil units																		
- Capital value (at net asset value per unit at the beginning of the year / period)	119,122	-	119,122	54,673	-	54,673	122,202	-	122,202	-	-	-	295,997	-	295,997	-	-	-
- Element of (loss) / income	(4,437)	-	(4,437)	(934)	-	(934)	735	-	735	-	-	-	(4,636)	-	(4,636)	-	-	-
Total proceeds on issuance of units	**114,685**	**-**	**114,685**	**53,739**	**-**	**53,739**	**122,937**	**-**	**122,937**	**-**	**-**	**-**	**291,361**	**-**	**291,361**	**-**	**-**	**-**
Issue of bonus units, for the year ended June 30, 2019																		
Moderate @ 14%, 432,986 units and Conservative @ 20%, 629,498 Units	-	-	-	23,303	-	23,303	34,323	-	34,323	-	-	-	57,626	-	57,626	-	-	-
Redemption of units:																		
Aggressive: 2,489,499 units / Moderate: 2,089,674 units / Conservative: 2,890,306 units / MAAP I: 1,730,808 units/ MAAP IV: 626,419 units																		
- Capital value (at net asset value per unit at the beginning of the year / period)	174,974	-	174,974	140,284	-	140,284	188,646	-	188,646	101,428	-	101,428	605,332	-	605,332	29,378	-	29,378
Element of (income) / loss	(12,636)	-	(12,636)	(3,674)	-	(3,674)	413	-	413	(7,893)	-	(7,893)	(23,790)	-	(23,790)	(502)	-	(502)
Total payments on redemption of units	**162,338**	**-**	**162,338**	**136,610**	**-**	**136,610**	**189,059**	**-**	**189,059**	**93,535**	**-**	**93,535**	**581,542**	**-**	**581,542**	**28,876**	**-**	**28,876**
Total comprehensive loss for the year / period	-	(84,062)	(84,062)	-	(23,185)	(23,185)	-	(2,568)	(2,568)	-	(142,669)	(142,669)	-	(252,484)	(252,484)	-	(7,814)	(7,814)
Interim distribution fro the year / period ended June 30, 2019	-	-	-	-	(23,303)	(23,303)	-	(34,323)	(34,323)	-	-	-	-	(57,626)	(57,626)	-	-	-
Net loss for the year / period less distribution	-	(84,062)	(84,062)	-	(46,488)	(46,488)	-	(36,891)	(36,891)	-	(142,669)	(142,669)	-	(310,110)	(310,110)	-	(7,814)	(7,814)
Net assets at the end of the year / period	**347,237**	**17,835**	**365,072**	**166,989**	**36,050**	**203,039**	**178,157**	**43,621**	**221,778**	**537,356**	**55,354**	**592,710**	**1,229,739**	**152,860**	**1,382,599**	**502,556**	**(31,509)**	**471,047**
Undistributed income brought forward																		
- Realised income		163,797			100,834			83,187			207,736			555,554			25,150	
- Unrealised loss		(61,900)			(18,296)			(2,675)			(9,713)			(92,584)			(48,845)	
		101,897			82,538			80,512			198,023			462,970			(23,695)	
Accounting income available for distribution																		
- Relating to capital gains		-			-			-			-			-			-	
- Excluding capital gains		-			-			-			-			-			-	
		-			-			-			-			-			-	
Net loss for the period after taxation		(84,062)			(23,185)			(2,568)			(142,669)			(252,484)			(7,814)	
Distribution during the year ended June 30, 2019														(57,626)			-	
@Re 10.0000 per unit (Conservative Allocation Plan)		-			(23,303)			-			-			-				
@Re 7.0000 per unit (Moderate Allocation Plan)		-			-			(34,323)			-			-				
Undistributed income carried forward		17,835			36,050			43,621			55,354			152,860			(31,509)	
Undistributed income / carried forward																		
- Realised income / (loss)		101,711			67,539			62,595			196,400			428,245			(31,509)	
- Unrealised loss		(83,876)			(31,489)			(18,974)			(141,046)			(275,385)			-	
		17,835			36,050			43,621			55,354			152,860			(31,509)	
		Rupees			**Rupees**			**Rupees**			**Rupees**						**Rupees**		
Net asset value per unit as at the beginning of the year / period		70.2849			67.1319			65.2685			58.6014						46.8987	
Net asset value per unit as at the end of the year / period		58.1924			53.9707			54.6004			47.7447						46.1818	

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2020				
		Aggressive	Moderate	Conservative	MAAP-I	Total
		(Rupees in '000)				
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income for the year before taxation		15,753	12,763	17,865	8,149	54,530
Adjustments for						
Net unrealised diminution / (appreciation) on re-measurement of investments 'at fair value through profit or loss'	6	11,085	3,221	1,968	(5,253)	11,021
		26,838	15,984	19,833	2,896	65,551
Decrease / (increase) in assets						
Investments		63,871	78,461	73,860	279,535	495,727
Receivable against investments		-	-	-	-	-
Profit receivable on saving accounts with banks		22	19	7	(8)	40
		63,893	78,480	73,867	279,527	495,767
(Decrease) / increase in liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		(37)	(12)	10	(25)	(64)
Payable to Central Depository Company of Pakistan Limited - Trustee		(16)	(11)	(9)	(35)	(71)
Payable to Meezan Bank Limited		2	1	2	-	5
Payable to Securities and Exchange Commission of Pakistan		(379)	(204)	(203)	(627)	(1,413)
Accrued expenses and other liabilities		664	377	395	413	1,849
		234	151	195	(274)	306
Net cash generated from operating activities		90,965	94,615	93,895	282,149	561,624
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts against issuance and conversion of units		124,355	28,772	99,301	1,419	253,847
Payments against redemption and conversion of units		(216,991)	(125,001)	(190,370)	(281,287)	(813,649)
Dividend paid		(2,236)	(487)	-	(1,688)	(4,411)
Net cash used in financing activities		(94,872)	(96,716)	(91,069)	(281,556)	(564,213)
Net (decrease) / increase in cash and cash equivalents during the year		(3,907)	(2,101)	2,826	593	(2,589)
Cash and cash equivalents at beginning of the year		5,765	4,366	4,861	725	15,717
Cash and cash equivalents at end of the year	5	1,858	2,265	7,687	1,318	13,128

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2019					For the period from July 1, 2018 to July 24, 2018
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
		(Rupees in '000)					
CASH FLOWS FROM OPERATING ACTIVITIES							
Net loss for the year / period before taxation		(84,062)	(23,185)	(2,568)	(142,669)	(252,484)	(7,814)
Adjustments for							
Net unrealised diminution on re-measurement of investments 'at fair value through profit or loss'	6	83,876	31,489	18,974	141,046	275,385	-
		(186)	8,304	16,406	(1,623)	22,901	(7,814)
Decrease / (increase) in assets							
Investments		49,661	75,921	44,547	90,728	260,857	510,146
Receivable against investments		-	-	-	-	-	(468,018)
Profit receivable on saving accounts with banks		(25)	(15)	(3)	8	(35)	(147)
		49,636	75,906	44,544	90,736	260,822	41,981
(Decrease) / increase in liabilities							
Payable to Al Meezan Investment Management Limited - Management Company		(2)	(39)	(28)	(22)	(91)	66
Payable to Central Depository Company of Pakistan Limited - Trustee		(6)	(7)	(4)	(20)	(37)	(10)
Payable to Meezan Bank Limited		(1)	(15)	(1)	-	(17)	-
Payable to Securities and Exchange Commission of Pakistan		(78)	(92)	(79)	(181)	(430)	30
Accrued expenses and other liabilities		153	153	133	166	605	(32)
		66	-	21	(57)	30	54
Net cash generated from operating activities		49,516	84,210	60,971	89,056	283,753	34,221
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts against issuance and conversion of units		114,680	53,752	122,937	-	291,369	-
Payments against redemption and conversion of units		(162,330)	(136,561)	(188,888)	(93,535)	(581,314)	(33,108)
Net cash used in financing activities		(47,650)	(82,809)	(65,951)	(93,535)	(289,945)	(33,108)
Net increase / (decrease) in cash and cash equivalents during the year / period		1,866	1,401	(4,980)	(4,479)	(6,192)	1,113
Cash and cash equivalents at beginning of the year / period		3,899	2,965	9,841	5,204	21,909	2,932
Cash and cash equivalents at end of the year / period	5	5,765	4,366	4,861	725	15,717	4,045

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Financial Planning Fund of Funds (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on July 27, 2012 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund is registered as a Notified entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) issued through S.R.O.1203(I)/2008 on November 21, 2008. The registered office of the Management Company of the Fund, is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

1.2 The Fund has been formed to enable the unitholders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited as its Shariah advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.3 The Fund is an open-end Shariah compliant Fund of Funds Scheme listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis except for Meezan Asset Allocation Plan-I (MAAP-I) in which the offer of units is discontinued after the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of plan are transferable and can be redeemed by surrendering them to the Fund.

1.4 Title to the assets of the Fund are held in the name of CDC as a Trustee of the Fund. The fund property of different types of allocation plans shall be accounted for and maintained separately in books of accounts, which shall collectively constitute the Fund property of the Scheme.

1.5 The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 28, 2018) and by PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.6 The Fund is an open-end Shariah compliant Fund of Funds Scheme that aims to generate returns on investment as per allocation plans (sub funds) namely Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan and Meezan Asset Allocation Plan - I by investing in Shariah compliant income, money market and equity mutual funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP. A brief description of the plans are as follows:

Aggressive Allocation Plan (Aggressive)	High risk - Long term investor This plan invests at least 65 percent of its net assets in Shariah Compliant Equity Funds and the remaining portion in Shariah Compliant Fixed Income Funds.
Moderate Allocation Plan (Moderate)	Moderate risk - Medium and long term investor This plan invests at least 45 percent of its net assets in Shariah Compliant Equity Funds and at the remaining portion in Shariah Compliant Fixed Income Funds.
Conservative Allocation Plan (Conservative)	Low risk - Medium and short term investor This plan invests at least 20 percent of its net assets in Shariah Compliant Equity Funds and the remaining portion in Shariah Compliant Fixed Income Funds.
Meezan Asset Allocation Plan I (MAAP-I)	Low risk - High return through asset allocation The allocation plan can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. October 20, 2015). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan. During the year ended June 30, 2018, Meezan Asset Allocation Plan-I (MAAP-I) was reopened for investment, after completion of two years. The plan had a revised maturity date of two years from the close of the re-subscription period (i.e. November 24, 2017). During the current year, the SECP approved the extension of the plan by one year vide its letter No. SCD / AMCW / MFPFeF / 137 / 2019 dated November 13, 2019.

Each allocation plan announces separate Net Asset Value which ranks Pari Passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- 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, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as at fair value through profit or loss' which are measured at their respective fair values.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial assets

4.3.1 Classification

4.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

4.3.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

Financial assets at fair value through profit or loss'

Basis of valuation in the collective investment scheme

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

4.3.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recoginses loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.3.3.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

4.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

4.3.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.8 Unit holders' Fund

Unit holders' Fund of each allocation plan representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

4.9 Issuance and redemption of units

Units issued are recorded at the offer price of each allocation plan, determined by the Management Company for the applications received by the distributors during business hours of the day when the applications are received. The offer price of each allocation plan represents the net assets value (NAV) of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the net assets value (NAV) per unit as of close of business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.10 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.11 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (NAV) per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' Fund. However, to maintain the same ex-dividend net asset value (NAV) of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.12 Revenue recognition

(i) Gains / (losses) arising on sale of investments are included in the Income Statement on the date when the transaction takes place.

(ii) Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the date of book closure of the investee Fund declaring the dividend.

(iii) Profit on bank deposit is recognized on time proportion basis using the effective yield method.

(iv) Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.

4.13 Expenses

All expenses including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on Funds (Section 4B of the Income Tax Ordinance, 2001).

4.15 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

4.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS

	Note	As at June 30, 2020				
		Aggressive	Moderate	Conservative	MAAP-I	Total
		(Rupees in '000)				
Saving accounts	5.1	1,431	2,255	7,677	1,308	12,671
Current accounts		427	10	10	10	457
		1,858	2,265	7,687	1,318	13,128

	Note	As at June 30, 2019					As at July 24, 2018
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP - IV
		(Rupees in '000)					
Saving accounts	5.1	5,338	4,356	4,851	715	15,260	3,964
Current accounts		427	10	10	10	457	81
		5,765	4,366	4,861	725	15,717	4,045

5.1 The balances in saving accounts have expected profit rates ranging from 1.50% to 7.50% per annum (2019: 3.32% to 12.50% per annum).

6 INVESTMENTS

	Note	As at June 30, 2020				
		Aggressive	Moderate	Conservative	MAAP-I	Total
		(Rupees in '000)				
Investments - 'at fair value through profit or loss'	6.1	289,209	120,616	143,532	329,470	882,827

	Note	As at June 30, 2019					As at July 24, 2018
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
		(Rupees in '000)					
Investments - 'at fair value through profit or loss'	6.1	364,165	202,298	219,360	603,752	1,389,575	-

6.1 At fair value through profit or loss - Units of mutual Funds

Name of investee Funds	As at July 1, 2019	Purchases during the year	Sale during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (diminution) / appreciation as at June 30, 2020	Percentage in relation to	
								Market value on the basis of Net Assets of the Fund	Total market value of invest-ments
	(Number of units)				(Rupees in '000)			(Percentage)	
Aggressive Allocation Plan									
Meezan Islamic Fund	5,706,434	5,970,312	6,842,744	4,834,002	237,211	226,091	(11,120)	79.96	78.18
Meezan Islamic Income Fund	882,014	2,529,578	2,185,175	1,226,417	63,083	63,118	35	22.32	21.82
Meezan Cash Fund	898,802	-	898,802	-	-	-	-	-	-
					300,294	289,209	(11,085)	102.28	100.00

Name of investee Funds	As at July 1, 2019	Purchases during the year	Sale during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (diminution)/ appreciation as at June 30, 2020	Percentage in relation to	
								Market value on the basis of Net Assets of the Fund	Total market value of invest-ments
	(Number of units)				(Rupees in '000)			(Percentage)	
Moderate Allocation Plan									
Meezan Islamic Fund	2,116,314	1,789,819	2,493,194	1,412,939	69,335	66,084	(3,251)	55.73	54.79
Meezan Islamic Income Fund	981,320	1,963,666	1,885,388	1,059,598	54,502	54,532	30	45.99	45.21
Meezan Cash Fund	999,999	-	999,999	-	-	-	-	-	-
					123,837	120,616	(3,221)	101.72	100.00
Conservative Allocation Plan									
Meezan Islamic Fund	1,149,027	1,210,084	1,478,778	880,333	43,199	41,174	(2,025)	28.62	28.69
Meezan Islamic Income Fund	1,598,388	3,556,659	3,166,184	1,988,863	102,301	102,358	57	71.14	71.31
Meezan Cash Fund	1,628,812	-	1,628,812	-	-	-	-	-	-
					145,500	143,532	(1,968)	99.76	100.00
Meezan Asset Allocation Plan I									
Al Meezan Mutual Fund	39,791	7,703,700	4,360,492	3,382,999	46,472	45,057	(1,415)	14.16	13.68
Meezan Islamic Fund	171,373	4,194,111	2,380,890	1,984,594	97,387	92,821	(4,566)	29.18	28.17
Meezan Sovereign Fund	3,775,282	5,128,218	8,903,500	-	-	-	-	-	-
Meezan Islamic Income Fund	-	7,160,104	5,420,067	1,740,037	89,501	89,552	51	28.15	27.18
Meezan Cash Fund	8,448	3,821,029	3,829,477	-	-	-	-	-	-
Meezan Dedicated Equity Fund	11,269,149	2,108,051	10,428,442	2,948,758	90,857	102,040	11,183	32.08	30.97
					324,217	329,470	5,253	103.57	100.00
Total investments in units of mutual Funds									
Al Meezan Mutual Fund	39,791	7,703,700	4,360,492	3,382,999	46,472	45,057	(1,415)	5.22	5.10
Meezan Islamic Fund	9,143,148	13,164,326	13,195,606	9,111,868	447,132	426,170	(20,962)	49.36	48.28
Meezan Cash Fund	3,536,061	3,821,029	7,357,090	-	-	-	-	-	-
Meezan Sovereign Fund	3,775,282	5,128,218	8,903,500	-	-	-	-	-	-
Meezan Islamic Income Fund	3,461,722	15,210,007	12,656,814	6,014,915	309,387	309,560	173	35.86	35.06
Meezan Dedicated Equity Fund	11,269,149	2,108,051	10,428,442	2,948,758	90,857	102,040	11,183	11.82	11.56
					893,848	882,827	(11,021)	102.26	100.00

7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	As at June 30, 2020				
		Aggressive	Moderate	Conservative	MAAP-I	Total
		(Rupees in '000)				
Management fee payable	7.1	3	1	4	1	9
Sindh Sales Tax on remuneration of Management Company	7.2	1	-	1	-	2
Sales Load Payable		9	2	-	-	11
Sindh Sales Tax on Sales Load	7.2	1	1	-	-	2
Allocated expenses payable	7.3	9	10	26	26	71
		23	14	31	27	95

	Note	As at June 30, 2019					As at July 24, 2018
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
		(Rupees in '000)					
Management fee payable	7.1	5	3	2	2	12	69
Sindh Sales Tax on remuneration of Management Company	7.2	1	-	-	-	1	9
Sales Load Payable		19	5	1	-	25	-
Sindh Sales Tax on Sales Load	7.2	2	1	-	-	3	-
Allocated expenses payable	7.3	33	17	18	50	118	33
		60	26	21	52	159	111

7.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2019: 1%) per annum of the daily bank balance of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs 0.044 million (2019: Rs 0.040 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2019: 13%) and an amount of Rs. 0.035 million (2019: Rs. 0.034 million) has been paid to the Management Company which acts as a collecting agent.

7.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	As at June 30, 2020				
		Aggressive	Moderate	Conservative	MAAP-I	Total
		(Rupees in '000)				
Trustee fee payable	8.1	19	6	16	8	49
Sindh Sales Tax payable on trustee fee	8.2	3	1	2	1	7
		22	7	18	9	56

	Note	As at June 30, 2019					As at July 24, 2018
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP - IV
		(Rupees in '000)					
Trustee fee payable	8.1	33	15	24	36	108	29
Sindh Sales Tax payable on trustee fee	8.2	5	3	3	8	19	4
		38	18	27	44	127	33

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed in accordance with the tariff specified therein, based on the daily net assets value of the Fund.

The remuneration of the Trustee for the year / period ended June 30, 2020 and 2019 has been calculated as per the following applicable tariff:

Previous Tariff		Revised Tariff
Net Assets (Rs.)	Fee	0.070% per annum of Net Assets
Upto 1 Billion	0.10% of Net Assets	
Above 1 Billion	Rs. 1 Million plus 0.075% per annum of Net Assets exceeding Rs. 1 Billion	

8.2 During the current year / period, an amount of Rs 0.090 million (2019: Rs. 0.201 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2019: 13%) and an amount of Rs. 0.106 million (2019: Rs. 0.223 million) was paid to the Trustee which acts as a collecting agent.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to fund of funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	As at June 30, 2020				
		Aggressive	Moderate	Conservative	MAAP-I	Total
		(Rupees in '000)				
Withholding tax payable		310	505	-	359	1,174
Capital Gain Tax Payable		115	69	35	318	537
Provision for Sindh Workers' Welfare Fund	10.1	3,701	2,176	1,579	7,052	14,508
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	10.2	72	40	36	16	164
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	10.2	368	497	528	3,295	4,688
Shariah advisor fee payable		50	21	24	53	148
Auditors' remuneration payable		117	51	63	135	366
Printing charges payable		93	63	47	159	362
		4,826	3,422	2,312	11,387	21,947

	Note	As at June 30, 2019					As at July 24, 2018
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
		(Rupees in '000)					
Withholding tax payable		-	409	-	91	500	8
Capital Gain Tax Payable		115	49	14	318	496	-
Provision for Sindh Workers Welfare Fund	10.1	3,380	1,916	1,214	6,886	13,396	2,621
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	10.2	72	40	36	16	164	2,662
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	10.2	368	497	528	3,295	4,688	5
Shariah advisor fee payable		41	21	22	63	147	27
Auditors' remuneration payable		96	50	51	151	348	80
Printing charges payable		90	63	52	154	359	35
		4,162	3,045	1,917	10,974	20,098	5,438

10.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual Funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual Funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual Funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual Funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value (NAV) per unit of the Fund as at June 30, 2020 would have been higher by Re 0.81 / 50%, 0.47 / 13%, 0.34 / 32%, 1.54 / 3%, for Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan, MAAP-I (2019: by Re 0.54 / 1.31%, 1.09 / 1.84%, 0.67 / 1.10%, 1.11 / 2.22% and 0.26 / 0.56% (July 24, 2018) for Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan, MAAP-I, and MAAP-IV, respectively).

10.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 0.44 million, Rs 0.537 million, Rs 0.564 million and Rs 3.31 million in Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan and MAAP- I respectively is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision of FED not been made, the Net Asset Value of the Fund as at June 30, 2020 would have been higher by Re. 0.10, Re 0.27, Re. 0.24 and Re. 0.52 per unit in Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan, MAAP-I and MAAP-IV (2019: Re 0.07, Re 0.14, Re 0.14, Re 0.27 and Re 0.48 per unit) respectively.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

12 AUDITORS' REMUNERATION

	For the year ended June 30, 2020				
	Aggressive	Moderate	Conservative	MAAP-I	Total
	(Rupees in '000)				
Statutory audit fee	128	52	70	141	391
Half year review fee	45	25	25	70	165
Out of pocket expense	8	5	5	15	33
	181	82	100	226	589

	For the year ended June 30, 2019					From July 01, 2018 to July 24, 2018
	Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP - IV
	(Rupees in '000)					
Statutory audit fee	101	53	55	161	370	5
Half year review fee	42	23	23	70	158	4
Out of pocket expense	8	5	5	14	32	-
	151	81	83	245	560	9

13 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2020 are:

	As at June 30, 2020			
	Aggressive	Moderate	Conservative	MAAP I
Total Expense Ratio (TER)	0.41%	0.51%	0.54%	0.37%
Government levies	0.13%	0.22%	0.25%	0.08%

	As at June 30, 2019			
	Aggressive	Moderate	Conservative	MAAP I
Total Expense Ratio (TER)	0.38%	0.38%	0.39%	0.37%
Government levies	0.11%	0.11%	0.11%	0.11%

The above calculated ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Fund scheme.

14 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per section 4B of the Income Tax Ordinance, 2001.

15 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

15.1 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.

15.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

15.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

15.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

15.5 Detail of transactions with connected persons and balances with them are as follows:

	'As at June 30, 2020				
	Aggressive	Moderate	Conservative	MAAP I	Total
Al Meezan Investment Management Limited - Management Company					
Management Fee Payable (Rs in '000)	3	1	4	1	9
Sindh Sales Tax on management fee payable (Rs in '000)	1	-	1	-	2
Sales load payable (Rs in '000)	9	2	-	-	11
Sindh Sales Tax on sales load payable (Rs in '000)	1	1	-	-	2
Allocated expenses payable (Rs in '000)	9	10	26	26	71
Investment (Rs in '000)	-	-	7,600	-	7,600
Investment (Units)	-	-	125,407	-	125,407
Meezan Bank Limited					
Bank balance (Rs in '000)	1,611	2,037	7,484	1,201	12,333
Profit receivable (Rs in '000)	10	7	11	15	43
Sales load payable (Rs in '000)	3	1	2	-	6
Central Depository Company of Pakistan Limited - Trustee					
Trustee Fee payable (Rs in '000)	19	6	16	8	49
Sindh Sales Tax on trustee fee payable (Rs in '000)	3	1	2	1	7
Directors and Executives of the Management Company					
Investment (Rs in '000)	1,194,752	6,211	31,876	-	1,232,839
Investment (Units)	19,369	105	526	-	20,000
Meezan Islamic Fund					
Investment (Rs in '000)	226,091	66,084	41,174	92,821	426,170
Investment (Units)	4,834,002	1,412,939	880,333	1,984,594	9,111,868
Meezan Sovereign Fund					
Investment (Rs in '000)	-	-	-	-	-
Investment (Units)	-	-	-	-	-

	'As at June 30, 2020				
	Aggressive	Moderate	Conservative	MAAP I	Total
Al Meezan Mutual Fund					
Investment (Rs in '000)	-	-	-	45,057	45,057
Investment (Units)	-	-	-	3,382,999	3,382,999
Meezan Cash Fund					
Investment (Rs in '000)	-	-	-	-	-
Investment (Units)	-	-	-	-	-
Meezan Islamic Income Fund					
Investment (Rs in '000)	63,118	54,532	102,358	89,552	309,560
Investment (Units)	1,226,417	1,059,598	1,988,863	1,740,037	6,014,915
Meezan Dedicated Equity Fund					
Investment (Rs in '000)	-	-	-	102,040	102,040
Investment (Units)	-	-	-	2,948,758	2,948,758
Unit Holders holding 10% or more units of the Fund					
Investment (Rs in '000)	156,621	12,713	52,946	161,801	384,081
Investment (Units)	2,539,103	214,928	873,679	3,237,467	6,865,177

	As at June 30, 2019					As at July 24, 2018
	Aggressive	Moderate	Conservative	MAAP I	Total	MAAP - IV
Al Meezan Investment Management Limited - Management Company						
Management Fee Payable (Rs in '000)	5	3	2	2	12	69
Sindh Sales Tax on management fee payable (Rs in '000)	1	-	-	-	1	10
Sales load payable (Rs in '000)	19	5	1	-	25	-
Sindh Sales Tax on sales load payable (Rs in '000)	2	1	-	-	3	-
Allocated expenses payable (Rs '000)	33	17	18	50	118	32
Investment (Rs in '000)	-	-	6,847	-	6,847	-
Investment (Units)	-	-	125,406	-	125,406	-
Meezan Bank Limited						
Bank balance (Rs in '000)	5,530	4,148	4,666	612	14,956	4,045
Profit receivable (Rs in '000)	19	12	12	4	47	196
Sales load payable (Rs in '000)	1	-	-	-	1	-
Central Depository Company of Pakistan Limited - Trustee						
Trustee Fee payable (Rs in '000)	33	15	24	36	108	28
Sindh Sales Tax on trustee fee payable (Rs in '000)	5	3	3	8	19	5
Directors and Executives of the Management Company						
Investment (Rs in '000)	106	0.17	1,621	-	1,727	-
Investment (Units)	1,818	3	29,687	-	31,508	-
Meezan Islamic Fund						
Investment (Rs in '000)	273,509	101,436	55,073	8,214	438,232	-
Investment (Units)	5,706,434	2,116,314	1,149,027	171,373	9,143,148	-
Meezan Sovereign Fund						
Investment (Rs in '000)	-	-	-	194,373	194,373	-
Investment (Units)	-	-	-	3,775,282	3,775,282	-
Al Meezan Mutual Fund						
Investment (Rs in '000)	-	-	-	531	531	-
Investment (Units)	-	-	-	39,791	39,791	-
Meezan Cash Fund						
Investment (Rs in '000)	45,328	50,431	82,143	426	178,328	-
Investment (Units)	898,802	999,999	1,628,812	8,448	3,536,061	-
Meezan Islamic Income Fund						
Investment (Rs in '000)	45,328	50,431	82,144	-	177,903	-
Investment (Units)	882,014	981,320	1,598,388	-	3,461,722	-
Meezan Dedicated Equity Fund						
Investment (Rs in '000)	-	-	-	400,208	400,208	-
Investment (Units)	-	-	-	11,269,149	11,269,149	-
Unit Holders holding 10% or more units of the Fund						
Investment (Rs in '000)	184,302	49,515	47,703	278,205	559,725	192,410
Investment (Units)	3,167,104	917,442	873,669	5,826,939	10,785,154	4,166,358

	For the year ended June 30, 2020				
	Aggressive	Moderate	Conservative	MAAP I	Total
Al Meezan Investment Management Limited - Management Company					
Remuneration for the year / period (Rs in '000)	62	44	54	119	279
Sindh Sales Tax on management fee (Rs in '000)	8	6	7	15	36
Allocated expense (Rs in '000)	312	139	169	370	990
Meezan Bank Limited					
Profit on saving account (Rs in '000)	590	451	499	1,777	3,317
Central Depository Company of Pakistan Limited - Trustee					
Trustee fee for the year (Rs in '000)	218	97	118	259	692
Sindh Sales Tax on trustee fee (Rs in '000)	28	13	15	34	90
Directors and Executives of the Management Company					
Invested during the year / period (Rs in '000)	81,517	6,745	73,226	-	161,489
Invested during the year / period (Units)	1,275,810	117,647	1,245,604	-	2,639,060
Amount redeemed during the year / period (Rs in '000)	79,888	6,730	75,082	-	161,700
Redeemed during the year / period (Units)	1,258,259	117,545	1,274,766	-	2,650,569
Meezan Islamic Fund					
Invested during the year / period (Rs. in '000)	288,357	84,951	56,968	206,887	637,163
Invested during the year / period (Units)	5,970,312	1,789,819	1,210,084	4,194,111	13,164,326
Redeemed during the year / period (Rs. in '000)	332,203	122,363	73,304	117,598	645,468
Redeemed during the year / period (Units)	6,842,744	2,493,194	1,478,778	2,380,890	13,195,606
Dividend received during the year / period (Rs. in '000)	11,471	3,353	2,089	4,709	21,622
Dividend received during the year / period (Units)	245,698	71,816	44,745	100,871	463,129
Meezan Sovereign Fund					
Invested during the year / period (Rs. in '000)	-	-	-	284,149	284,149
Invested during the year / period (Units)	-	-	-	5,128,218	5,128,218
Redeemed during the year / period (Rs. in '000)	-	-	-	489,976	489,976
Redeemed during the year / period (Units)	-	-	-	8,903,500	8,903,500
Meezan Cash Fund					
Invested during the year / period (Rs. in '000)	-	-	-	196,312	196,312
Invested during the year / period (Units)	-	-	-	3,821,029	3,821,029
Redeemed during the year / period (Rs. in '000)	45,839	50,914	83,034	199,399	379,186
Redeemed during the year / period (Units)	898,802	999,999	1,628,812	3,829,477	7,357,090
Al Meezan Mutual Fund					
Invested during the period (Rs. in '000)	-	-	-	112,472	112,472
Invested during the period (Units)	-	-	-	4,360,492	4,360,492
Redeemed during the period (Rs. in '000)	-	-	-	61,000	61,000
Redeemed during the period (Units)	-	-	-	4,360,492	4,360,492
Dividend received during the year / period (Rs. in '000)	-	-	-	1,473	1,473
Dividend received during the year / period (Units)	-	-	-	110,736	110,736
Meezan Islamic Income Fund					
Invested during the year / period (Rs. in '000)	132,159	101,946	184,329	377,008	795,441
Invested during the year / period (Units)	2,529,578	1,963,666	3,556,659	7,160,104	15,210,007
Redeemed during the year / period (Rs. in '000)	122,360	104,931	176,897	291,700	695,888
Redeemed during the year / period (Units)	2,185,175	1,885,388	3,166,184	5,420,067	12,656,814
Dividend received during the year / period (Rs. in '000)	44	38	71	62	215
Dividend received during the year / period (Units)	856	739	1,388	1,214	4,197
Refund of capital during the year / period (Rs. in '000)	6,434	5,559	10,434	9,129	31,554
Refund of capital during the year / period (Units)	125,081	108,068	202,842	177,474	613,465
	-				
Meezan Dedicated Equity Fund					
Invested during the year / period (Rs. in '000)	-	-	-	89,630	89,630
Invested during the year / period (Units)	-	-	-	2,108,051	2,108,051
Redeemed during the year / period (Rs. in '000)	-	-	-	382,316	382,316
Redeemed during the year / period (Units)	-	-	-	10,428,442	10,428,442

	For the year ended June 30, 2019					For the period from July 1, 2018 to July 24, 2018
	Aggressive	Moderate	Conservative	MAAP I	Total	MAAP IV
Al Meezan Investment Management Limited - Management Company						
Management Fee Payable for the year / period (Rs in '000)	72	43	66	61	242	69
Sindh Sales Tax on management fee (Rs in '000)	9	5	9	8	31	9
Allocated expense (Rs in '000)	464	244	250	738	1,696	32
Bonus Issue (Rs in '000)	-	-	1,060	-	1,060	-
Bonus Issue (Units)	-	-	19,435	-	19,435	-

	For the year ended June 30, 2019					For the period from July 1, 2018 to July 24, 2018
	Aggressive	Moderate	Conservative	MAAP I	Total	MAAP IV
Meezan Bank Limited						
Profit on saving account (Rs in '000)	216	145	221	194	776	152
Central Depository Company of Pakistan Limited - Trustee						
Trustee fee for the year / period (Rs in '000)	415	218	224	661	1,518	27
Sindh Sales Tax on trustee fee (Rs in '000)	54	28	29	86	197	4
Directors and Executives of the Management Company						
Invested during the period (Rs. in '000)	28,713	11,037	29,818	-	69,567	-
Invested during the period (Units)	429,107	164,898	454,413	-	1,048,418	-
Redeemed during the period (Rs. in '000)	29,725	11,026	28,102	-	68,853	-
Redeemed during the period (Units)	441,341	164,897	429,328	-	1,035,566	-
Bonus Issue (Rs. '000)	-	-	251	-	251	-
Bonus Issue (Units)	-	-	4,601	-	4,601	-
Meezan Islamic Fund						
Invested during the year / period (Rs. in '000)	49,654	22,096	22,559	34,250	128,559	-
Invested during the year / period (Units)	897,307	421,442	417,630	660,324	2,396,703	-
Redeemed during the year / period (Rs. in '000)	58,020	43,846	22,528	25,369	149,763	249,454
Redeemed during the year / period (Units)	1,084,575	750,039	385,162	488,951	2,708,727	3,990,160
Meezan Sovereign Fund						
Invested during the period (Rs. in '000)	-	-	-	214,605	214,605	-
Invested during the period (Units)	-	-	-	3,920,221	3,920,221	-
Redeemed during the year / period (Rs. in '000)	-	-	-	8,000	8,000	-
Redeemed during the year / period (Units)	-	-	-	145,324	145,324	-
Dividend received during the period (Rs. in '000)	-	-	-	407	407	-
Dividend received during the period (Units)	-	-	-	7,907	7,907	-
Refund of capital during the period (Rs. in '000)	-	-	-	12,267	12,267	-
Refund of capital during the period (Units)	-	-	-	238,257	238,257	-
Meezan Cash Fund						
Invested during the period (Rs. in '000)	9,188	6,969	20,676	1,254	38,087	371,833
Invested during the period (Units)	180,787	138,048	405,237	24,848	748,920	7,368,899
Redeemed during the period (Rs. in '000)	24,645	31,738	41,208	30,010	127,601	421,491
Redeemed during the period (Units)	464,971	610,386	793,586	581,026	2,449,969	8,331,559
Dividend received during the period (Rs. in '000)	5,504	6,398	9,645	886	22,432	1,833
Dividend received during the period (Units)	109,137	126,862	191,254	17,559	444,811	36,347
Refund of capital during the period (Rs. in '000)	328	428	649	368	1,773	251
Refund of capital during the period (Units)	6,497	8,496	12,863	7,289	35,146	4,978
Al Meezan Mutual Fund						
Redeemed during the year / period (Rs. in '000)	-	-	-	-	-	21,964
Redeemed during the year / period (Units)	-	-	-	-	-	1,304,322
Meezan Islamic Income Fund						
Invested during the period (Rs. in '000)	9,272	7,057	20,815	87,139	124,284	1,736
Invested during the period (Units)	179,015	137,123	400,306	1,636,587	2,353,031	63,875
Redeemed during the period (Rs. in '000)	24,759	31,858	41,377	280,151	378,145	80,267
Redeemed during the period (Units)	458,138	600,946	781,822	5,104,519	6,945,425	1,558,092
Dividend received during the period (Rs. in '000)	5,558	6,480	9,743	4,610	26,392	1,736
Dividend received during the period (Units)	108,159	126,104	189,589	89,709	513,561	33,786
Refund of capital during the period (Rs. in '000)	300	373	600	3,003	4,277	1,544
Refund of capital during the period (Units)	5,834	7,272	11,679	58,438	83,223	30,048
Meezan Dedicated Equity Fund						
Invested during the year / period (Rs. in '000)	-	-	-	34,000	34,000	-
Invested during the year / period (Units)	-	-	-	825,518	825,518	-
Redeemed during the year / period (Rs. in '000)	-	-	-	97,691	97,691	99,023
Redeemed during the year / period (Units)	-	-	-	2,315,618	2,315,618	2,136,720

15.6 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

16 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Balances with banks	13,128	-	13,128
Investments	-	882,827	882,827
Receivable against conversion of units	193	-	193
Profit receivable on saving accounts with banks	44	-	44
	13,365	882,827	896,192
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	95	-	95
Payable to Central Depository Company of Pakistan Limited - Trustee	56	-	56
Payable to Meezan Bank Limited	6	-	6
Payable on redemption and conversion of units	9,248	-	9,248
Dividend Payable	1,336	-	1,336
Accrued expenses and other liabilities	876	-	876
	11,617	-	11,617

	2019		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Balances with banks	15,717	-	15,717
Investments	-	1,389,575	1,389,575
Receivable against conversion of units	62	-	62
Profit accrued on balances with banks	84	-	84
	15,863	1,389,575	1,405,438
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	159	-	159
Payable to Central Depository Company of Pakistan Limited - Trustee	127	-	127
Payable to Meezan Bank Limited	1	-	1
Payable on redemption and conversion of units	844	-	844
Dividend Payable	-	-	-
Accrued expenses and other liabilities	854	-	854
	1,985	-	1,985

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

17.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.127 million (2019: Rs. 0.153 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, 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, 2020 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, 2020 can be determined as follows:

		As at June 30, 2020				
		Exposed to yield / profit rate risk				
	Effective yield / profit rate	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / profit rate risk	Total
On-balance sheet financial instruments		(Rupees in '000)				
Financial assets						
Balance with banks	1.50% to 7.50%	12,671	-	-	457	13,128
Investments		-	-	-	882,827	882,827
Receivable against conversion of units		-	-	-	193	193
Profit receivable on saving accounts with banks		-	-	-	44	44
		12,671	-	-	883,521	896,192
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	95	95
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	56	56
Payable to Meezan Bank Limited		-	-	-	6	6
Payable on redemption and conversion of units		-	-	-	9,248	9,248
Dividend Payable		-	-	-	1,336	1,336
Accrued expenses and other liabilities		-	-	-	876	876
		-	-	-	11,617	11,617
On-balance sheet gap		12,671	-	-	871,904	884,575
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total profit rate sensitivity gap		12,671	-	-		
Cumulative profit rate sensitivity gap		12,671	12,671	12,671		

	As at June 30, 2019					
		Exposed to yield / profit rate risk				
	Effective yield / profit rate	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / profit rate risk	Total
On-balance sheet financial instruments		(Rupees in '000)				
Financial assets						
Balance with banks	3.32% to 12.30%	15,260	-	-	457	15,717
Investments		-	-	-	1,389,575	1,389,575
Receivable against conversion of units		-	-	-	62	62
Profit receivable on saving accounts with banks		-	-	-	84	84
		15,260	-	-	1,390,178	1,405,438
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	159	159
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	127	127
Payable to Meezan Bank Limited		-	-	-	1	1
Payable on redemption and conversion of units		-	-	-	844	844
Accrued expenses and other liabilities		-	-	-	854	854
		-	-	-	1,985	1,985
On-balance sheet gap		15,260	-	-	1,388,193	1,403,453
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total profit rate sensitivity gap		15,260	-	-		
Cumulative profit rate sensitivity gap		15,260	15,260	15,260		

17.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

17.1.2 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in open end mutual funds. The Fund manages its price risk arising from investments by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 1% increase / decrease in equity prices as at June 30, 2020 with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 8.828 million (2019: Rs. 13.896 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

	Maturity up to						2020
	One 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	13,128	-	-	-	-	-	13,128
Investments	-	-	-	-	-	882,827	882,827
Receivable against conversion of units	193	-	-	-	-	-	193
Profit receivable on saving accounts with banks	44	-	-	-	-	-	44
	13,365	-	-	-	-	882,827	896,192
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	95	-	-	-	-	-	95
Payable to Central Depository Company of Pakistan Limited - Trustee	56	-	-	-	-	-	56
Payable to Meezan Bank Limited	6	-	-	-	-	-	6
Payable on redemption and conversion of units	9,248	-	-	-	-	-	9,248
Dividend payable	1,336	-	-	-	-	-	1,336
Accrued expenses and other liabilities	362	514	-	-	-	-	876
	11,103	514	-	-	-	-	11,617
	2,262	(514)	-	-	-	882,827	884,575

	Maturity up to						2019
	One 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	15,717	-	-	-	-	-	15,717
Investments	-	-	-	-	-	1,389,575	1,389,575
Receivable against conversion of units	62	-	-	-	-	-	62
Profit receivable on saving accounts with banks	84	-	-	-	-	-	84
	15,863		-	-	-	1,389,575	1,405,438
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	159	-	-	-	-	-	159
Payable to Central Depository Company of Pakistan Limited - Trustee	127	-	-	-	-	-	127
Payable to Meezan Bank Limited	1	-	-	-	-	-	1
Payable on redemption and conversion of units	844	-	-	-	-	-	844
Accrued expenses and other liabilities	359	495	-	-	-	-	854
	1,490	495	-	-	-	-	1,985
	14,373	(495)	-	-	-	1,389,575	1,403,453

17.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	---------- (Rupees in '000) ----------			
Financial assets				
Balances with banks	13,128	13,128	15,717	15,717
Investments	882,827	-	1,389,575	-
Receivable against conversion of units	193	193	62	62
Profit receivable on saving accounts	44	44	84	84
	896,192	13,365	1,405,438	15,863

17.3.1 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon, receivable against sale of units and receivable against sale of investments. The credit rating profile of balances with banks is as follows:

	As at June 30, 2020		As at June 30, 2019	
	(Rs. in '000)	(Percentage)	(Rs. in '000)	(Percentage)
AA+	12,679	96.58	15,287	97.26
AA	446	3.40	427	2.72
AA-	-	-	-	-
A+	3	0.02	3	0.02
	13,128	100.00	15,717	100.00

None of the financial assets were considered to be past due or impaired as on June 30, 2020.

The Fund does not have any collateral against any of the aforementioned assets.

18 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 17, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

19 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(Rupees in '000)			(Rupees in '000)		
Financial assets						
At fair value through profit or loss	-	882,827	-	-	1,389,575	-
	-	882,827	-	-	1,389,575	-

20 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Details of members of investment committee of the Fund are as follows:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Four years
Mr. Taha Javed	Head of Equity	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Nine years

20.1 The Fund manager of the Fund is Mr. Asif Imtiaz. Other Funds being managed by the Fund Manager are as follows:

- KSE-Meezan Index Fund
- Meezan Balanced Fund
- Meezan Asset Allocation Fund
- Meezan Strategic Allocation Fund
- Meezan Strategic Allocation Fund-II
- Meezan Strategic Allocation Fund-III;
- Meezan Dedicated Equity Fund

21 DETAILS OF MEETINGS OF BOARD OF DIRECTORS

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	April 15, 2020	Jun 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

22 UNIT HOLDING PATTERN OF THE FUND

	AGGRESSIVE					
	------- As at June 30, 2020 ------			------- As at June 30, 2019 ------		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	583	110,706	39.15	687	131,836	36.11
Retirement Funds	3	50,627	17.91	3	47,376	12.98
Others	2	121,407	42.94	3	185,860	50.91
Total	588	282,740	100.00	693	365,072	100.00

	MODERATE					
	---------- As at June 30, 2020 ----------			---------- As at June 30, 2019 ----------		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	339	109,474	92.33	376	133,387	65.70
Retirement Funds	2	2,906	2.45	3	11,474	5.65
Others	5	6,189	5.22	6	58,178	28.65
Total	346	118,569	100.00	385	203,039	100.00

	CONSERVATIVE					
	---------- As at June 30, 2020 ----------			---------- As at June 30, 2019 ----------		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	296	76,998	53.52	317	157,658	71.09
Associated company	1	7,600	5.28	1	6,847	3.09
Retirement Funds	4	59,188	41.14	4	53,326	24.04
Others	1	93	0.06	2	3,947	1.78
Total	302	143,879	100.00	324	221,778	100.00

	MAAP-I					
	---------- As at June 30, 2020 ----------			---------- As at June 30, 2019 ----------		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment
Individual	156	101,935	32.04	247	194,287	32.78
Retirement Funds	4	131,341	41.29	5	131,859	22.25
Others	5	84,843	26.67	9	266,564	44.97
Total	165	318,119	100.00	261	592,710	100.00

23 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.

24 DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

25 GENERAL

25.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

25.2 Operational Risk Management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

25.3 Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

Meezan
Strategic Allocation Fund

Meezan Strategic Allocation Fund (MSAF)

Meezan Strategic Allocation Fund is a Shariah compliant scheme which will use active asset allocation strategy for providing competitive returns on your investment. It is a unique asset allocation fund for investors who wish to benefit from the equity market and want an actively managed investment portfolio with diversification.

LARGEST INDUSTRY BRANCH NETWORK

27 BRANCHES IN 13 MAJOR CITIES

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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

AUDITORS
A. F. Ferguson & Co.
Chartered Accountants
State Life Building# 1-C,
I.I. Chundrigar Road , Karachi-74000

SHARIAH ADVISER
Meezan Bank Limited

BANKERS TO THE FUND
Bank Al Habib Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited

LEGAL ADVISER
Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (9221) 35156191-94 Fax: (9221) 35156195
E-mail:

TRANSFER AGENT
Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited

REPORT OF THE FUND MANAGER
Meezan Strategic Allocation Fund (MSAF)

Type of Fund

MSAF is a perpetual Shariah Compliant (Islamic) Fund of Funds Scheme.

Objective

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

Strategy and Investment Policy

MSAF has six Allocation Plans which allow investors to invest according to their risk tolerance levels.

These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a weighted average combination of KSE Meezan Index 30 and Fixed Income/Money Market Schemes performance, according to the invested percentages in both the asset classes.

Meezan Strategic Allocation Plan - I	Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation.
Meezan Strategic Allocation Plan - II	
Meezan Strategic Allocation Plan - III	
Meezan Strategic Allocation Plan - IV	
Meezan Strategic Allocation Plan - V	
Meezan Strategic Allocation Plan - MCPP-III	

Performance Table with Benchmark

	Returns - FY20
MSAP I	7.93%
Benchmark	5.99%
MSAPII	6.51%
Benchmark	5.37%
MSAP III	6.73%
Benchmark	5.41%
MSAP IV	6.89%
Benchmark	5.45%
MSAP V	6.47%
Benchmark	5.91%
MCPP III	-0.69%
Benchmark	-2.41%

Meezan Strategic Allocation Plan - I

The Meezan Strategic Allocation Plan – I posted a total income of Rs. 60 million in FY20 as compared to total loss of Rs. 258 million last year. Total income comprised of realized loss and unrealized gains on investments of Rs. 8 million and Rs. 13 million respectively. Dividend income comprised of Rs. 55 million. After accounting for expenses of Rs. 3 million, the Fund posted a net income of Rs. 57 million. The net assets of the Fund as at June 30, 2020 were Rs. 793 million as compared to Rs. 1067 million at the end of last year depicting a decline of 26%.

Meezan Strategic Allocation Plan - II

The Meezan Strategic Allocation Plan – II posted a total income of Rs. 32 million in FY20 as compared to total loss of Rs. 173 million last year. Total income comprised of realized gain and unrealized loss on investments of Rs. 18 million and Rs. 13 million respectively. Dividend income comprised of Rs. 27 million. After accounting for expenses of Rs. 2 million, the Fund posted a net income of Rs. 30 million. The net assets of the Fund as at June 30, 2020 were Rs. 453 million as compared to Rs. 728 million at the end of last year depicting a decline of 38%.

Meezan Strategic Allocation Plan - III

The Meezan Strategic Allocation Plan – III posted a total income of Rs. 58 million in FY20 as compared to total loss of Rs. 199 million last year. Total income comprised of realized gain and unrealized loss on investments of Rs. 23 million and Rs. 8 million respectively. Dividend income comprised of Rs. 43 million. After accounting for expenses of Rs. 3 million, the Fund posted a net income of Rs. 55 million. The net assets of the Fund as at June 30, 2020 were Rs. 746 million as compared to Rs. 891 million at the end of last year depicting a decline of 16%.

Meezan Strategic Allocation Plan - IV

The Meezan Strategic Allocation Plan – IV posted a total income of Rs. 68 million in FY20 as compared to total loss of Rs. 222 million last year. Total profit comprised of realized gain and unrealized loss on investments of Rs. 36 million and Rs. 11 million respectively. Dividend income comprised of Rs. 43

million. After accounting for expenses of Rs. 3 million, the Fund posted a net income of Rs. 65 million. The net assets of the Fund as at June 30, 2020 were Rs. 751 million as compared to Rs. 1,003 million at the end of last year depicting a decline of 25%.

Meezan Strategic Allocation Plan - V

The Meezan Strategic Allocation Plan – V posted a total income of Rs. 12 million in FY20 as compared to total loss of Rs. 71 million last year. Total income comprised of realized gain and unrealized loss on investments of Rs. 5 million and Rs. 5 million respectively. Dividend income comprised of Rs. 12 million. After accounting for expenses of Rs. 1 million, the Fund posted a net income of Rs. 11 million. The net assets of the Fund as at June 30, 2020 were Rs. 196 million as compared to Rs. 316 million at the end of last year depicting a decline of 38%.

Meezan Capital Preservation Plan – III

The Meezan Capital Preservation Plan – III posted a total income of Rs. 22 million in FY20 as compared to total income of Rs. 33 million last year. Total income comprised of realized loss on investments and Rs. 28 million. Dividend income and profit on saving account with banks comprised of Rs. 45 million and 1 million respectively. After accounting for expenses of Rs. 2 million, the Fund posted a net income of Rs. 20 million. The net assets of the Fund as at June 30, 2020 were Rs. 416 million as compared to Rs. 1,099 million at the end of last year depicting a decline of 62%.

Distributions

The Interim Pay out by the Fund during the fiscal year ended June 30, 2020 was Rs. 2.50 per unit (5%), Rs. 1.75 per unit (3.5%), Rs. 2 per unit (4%), Rs. 2 per unit (4%) and Rs. 1.5 per unit (3%) in MSAP-I, MSAP-II, MSAP-III, MSAP-IV and MSAP-V respectively. Total distribution made by the fund was Rs. 51 million, Rs. 21 million, Rs. 40 million, Rs. 40 million and Rs. 7 million in MSAP-I, MSAP-II, MSAP-III, MSAP-IV and MSAP-V respectively.

Breakdown of unit holdings by size

(As on June 30, 2020)

Range (Units)	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III
	No. of investo	No. of investors	No. of investors	No. of investors	No. of investors	No. of investors
1 - 9,999	149	192	94	90	46	232
10,000 - 49,999	145	94	88	94	35	89
50,000 - 99,999	33	20	24	15	9	21
100,000 - 499,999	34	11	32	24	7	13
500,000 and above	6	5	4	4	2	1
Total	**367**	**322**	**242**	**227**	**99**	**356**

PERFORMANCE TABLE

	June 30, 2020					
	SAP1	**SAP2**	**SAP3**	**SAP4**	**SAP5**	**CPP3**
Net assets (Rs. '000) (ex-distribution)	793,346	452,618	746,008	751,178	195,589	416,287
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	36.8722	36.7897	35.6189	36.2977	42.1678	50.8475
Highest redemption price per unit (Rs.)	40.3937	43.6048	42.3907	43.1423	49.1563	55.8649
Lowest redemption price per unit (Rs.)	32.1933	31.7994	30.9811	31.3880	35.9775	49.2492
Distribution (%)						
Interim	2.50	1.75	2.00	2.00	1.50	NIL
Final						
Date of distribution						
Interim	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
Final	N/A	N/A	N/A	N/A	N/A	N/A
Income distribution (Rupees in '000)						
Growth distribution (Rupees in '000)	50,942	20,727	40,041	39,581	6,757	NIL
Total return (%)	7.93%	6.51%	6.73%	6.89%	6.47%	-0.69%

Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Strategic Allocation Fund

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 1, 2019 to June 30, 2020 was the Fourth year of operations of Meezan Strategic Allocation Fund (MSAF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 3.7.1 of the Offering Document of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, we have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

i. We have reviewed and approved the modes of investments of MSAF in light of the *Shari'ah* guidelines.

ii. All the provisions of the scheme and investments made on account of MSAF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.

iii. On the basis of information provided by the management, all the operation of MSAF for the year ended June 30, 2020 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shariah Advisor

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN STRATEGIC ALLOCATION FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Strategic Allocation Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Strategic Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Strategic Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer note 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 3,389.974 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: ▪ Tested the design and operating effectiveness of the key controls for valuation of investments; ▪ Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	June 30, 2020						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Assets								
Balances with banks	5	3,633	59	51	958	725	1,051	6,477
Investments	6	804,843	457,410	754,757	758,874	196,368	417,722	3,389,974
Receivable against sale of investments - net		130	-	-	-	-	490	620
Profit receivable on saving account with banks		27	12	5	9	1	56	110
Total assets		808,633	457,481	754,813	759,841	197,094	419,319	3,397,181
Liabilities								
Payable to Al Meezan Investment Management Limited - Management Company	7	67	37	63	65	22	36	290
Payable to Central Depository Company of Pakistan Limited - Trustee	8	52	29	49	48	12	27	217
Payable to Securities and Exchange Commission of Pakistan	9	179	104	161	171	46	154	815
Payable against purchase of investments - net		130	-	-	52	-	-	182
Payable against redemption and conversion of units		-	48	50	-	-	1,484	1,582
Dividend Payable		1,493	1,367	807	651	150	-	4,468
Accrued expenses and other liabilities	10	13,366	3,278	7,676	7,676	1,275	1,331	34,602
Total liabilities		15,287	4,863	8,806	8,663	1,505	3,032	42,156
NET ASSETS		793,346	452,618	746,007	751,178	195,589	416,287	3,355,025
UNIT HOLDERS' FUND (as per statement attached)		793,346	452,618	746,007	751,178	195,589	416,287	3,355,025
CONTINGENCIES AND COMMITMENTS	11							
		(Number of units)						
NUMBER OF UNITS IN ISSUE		21,516,084	12,302,840	20,944,130	20,694,885	4,638,354	8,186,979	
		(Rupees)						
NET ASSET VALUE PER UNIT		36.8722	36.7897	35.6189	36.2977	42.1678	50.8475	

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	June 30, 2019						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Assets								
Balances with banks	5	11,970	4,377	13,180	335	13,450	1,148	44,460
Investments	6	1,063,694	725,020	879,495	1,008,046	303,088	1,102,961	5,082,304
Profit receivable on saving account with banks		54	11	13	11	11	9	109
Total assets		1,075,718	729,408	892,688	1,008,392	316,549	1,104,118	5,126,873
Liabilities								
Payable to Al Meezan Investment Management Limited - Management Company	7	104	66	80	91	33	94	468
Payable to Central Depository Company of Pakistan Limited - Trustee	8	84	55	68	76	24	84	391
Payable to Securities and Exchange Commission of Pakistan	9	1,491	1,032	1,164	1,292	414	1,224	6,617
Payable against redemption and conversion of units		1,819	265	50	3,765	-	2,965	8,864
Accrued expenses and other liabilities	10	4,737	192	195	394	82	857	6,457
Total liabilities		8,235	1,610	1,557	5,618	553	5,224	22,797
NET ASSETS		1,067,483	727,798	891,131	1,002,774	315,996	1,098,894	5,104,076
UNIT HOLDERS' FUND (as per statement attached)		1,067,483	727,798	891,131	1,002,774	315,996	1,098,894	5,104,076
CONTINGENCIES AND COMMITMENTS	11							
		(Number of units)						
NUMBER OF UNITS IN ISSUE		29,262,088	20,213,719	25,406,240	28,125,336	7,747,051	21,462,301	
		(Rupees)						
NET ASSET VALUE PER UNIT		36.4801	36.0051	35.0753	35.6538	40.7893	51.2011	

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2020						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Income								
Net realised (loss) / gain on sale of investments		(7,933)	17,546	23,124	35,734	5,005	(27,727)	45,749
Profit on saving accounts with banks		431	226	263	413	296	1,226	2,855
Dividend income		55,360	26,547	43,339	43,133	11,217	44,915	224,511
Other income		-	-	-	-	-	3,222	3,222
		47,858	44,319	66,726	79,280	16,518	21,636	276,337
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	6.1	12,668	(12,642)	(8,846)	(10,875)	(4,835)	148	(24,382)
Total income		60,526	31,677	57,880	68,405	11,683	21,784	251,955
Expenses								
Remuneration to Al Meezan Investment Management Limited - Management Company	7.1	42	29	26	17	55	70	239
Sindh Sales Tax on remuneration of the Management Company	7.2	5	3	3	2	7	9	29
Allocated expenses	7.3	884	511	797	847	229	757	4,025
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	619	358	558	593	160	530	2,818
Sindh Sales Tax on remuneration of the Trustee	8.2	80	47	73	77	21	69	367
Annual fee to Securities and Exchange Commission of Pakistan	9	179	104	161	171	46	154	815
Auditors' remuneration	12	144	85	126	134	37	115	641
Fees and subscription		66	38	59	62	17	55	297
Provision for Sindh Workers' Welfare Fund		1,170	610	1,121	1,330	222	399	4,852
Bank and settlement charges		6	5	-	-	3	32	46
Total expenses		3,195	1,790	2,924	3,233	797	2,190	14,129
Net income for the year before taxation		57,331	29,887	54,956	65,172	10,886	19,594	237,826
Taxation	14	-	-	-	-	-	-	-
Net income for the year after taxation		57,331	29,887	54,956	65,172	10,886	19,594	237,826
Allocation of net income for the year								
Net income for the year after taxation		57,331	29,887	54,956	65,172	10,886	19,594	237,826
Income already paid on units redeemed		(961)	(120)	(956)	(811)	(770)	(23,993)	(27,611)
		56,370	29,767	54,000	64,361	10,116	(4,399)	210,215
Accounting income available for distribution								
- Relating to capital gains		4,735	4,904	14,278	24,859	170	-	48,946
- Excluding capital gains		51,635	24,863	39,722	39,502	9,946	(4,399)	161,269
		56,370	29,767	54,000	64,361	10,116	(4,399)	210,215

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2019						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Income								
Net realised (loss) / gain on sale of investments		(75,233)	(41,314)	(42,094)	(43,093)	(15,886)	35,932	(181,688)
Profit on saving accounts with banks		628	375	247	263	242	138	1,893
Dividend income		26,303	18,590	22,099	25,849	7,743	17,961	118,545
Other income		-	-	-	-	336	3,643	3,979
		(48,302)	(22,349)	(19,748)	(16,981)	(7,565)	57,674	(57,271)
Net unrealised diminution on re-measurement of investments - 'at fair value through profit or loss'	6.1	(210,697)	(151,001)	(179,216)	(205,129)	(63,112)	(24,549)	(833,704)
Total (loss) / income		(258,999)	(173,350)	(198,964)	(222,110)	(70,677)	33,125	(890,975)
Expenses								
Remuneration to Al Meezan Investment Management Limited - Management Company	7.1	197	73	67	76	76	48	537
Sindh Sales Tax on remuneration of the Management Company	7.2	26	10	9	10	10	6	71
Allocated expenses	7.3	1,569	1,087	1,225	1,360	436	1,288	6,965
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	1,233	854	963	1,069	342	1,013	5,474
Sindh Sales Tax on remuneration of the Trustee	8.2	160	111	125	139	45	132	712
Annual fee to Securities and Exchange Commission of Pakistan	9	1,491	1,032	1,164	1,292	414	1,224	6,617
Auditors' remuneration	12	131	89	99	110	32	92	553
Fees and subscription		66	46	51	58	19	55	295
Printing charges		77	55	61	67	22	64	346
Provision for Sindh Workers' Welfare Fund		-	-	-	-	-	583	583
Bank and settlement charges		25	3	25	15	8	36	112
Total expenses		4,975	3,360	3,789	4,196	1,404	4,541	22,265
Net (loss) / income for the year before taxation		(263,974)	(176,710)	(202,753)	(226,306)	(72,081)	28,584	(913,240)
Taxation	14	-	-	-	-	-	-	-
Net (loss) / income for the year after taxation		(263,974)	(176,710)	(202,753)	(226,306)	(72,081)	28,584	(913,240)
Allocation of net income for the year								
Net income for the year after taxation		-	-	-	-	-	28,584	28,584
Income already paid on units redeemed		-	-	-	-	-	(5,049)	(5,049)
		-	-	-	-	-	23,535	23,535
Accounting income available for distribution								
- Relating to capital gains		-	-	-	-	-	23,535	23,535
- Excluding capital gains		-	-	-	-	-	-	-
		-	-	-	-	-	23,535	23,535

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	For the year ended June 30, 2020						
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
	(Rupees in '000)						
Net income for the year after taxation	57,331	29,887	54,956	65,172	10,886	19,594	237,826
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	57,331	29,887	54,956	65,172	10,886	19,594	237,826

	For the year ended June 30, 2019						
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
	(Rupees in '000)						
Net (loss) / income for the year after taxation	(263,974)	(176,710)	(202,753)	(226,306)	(72,081)	28,584	(913,240)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the year	(263,974)	(176,710)	(202,753)	(226,306)	(72,081)	28,584	(913,240)

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020			June 30, 2020			June 30, 2020			June 30, 2020		
	MSAP-I			MSAP-II			MSAP-III			MSAP-IV		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total
Net assets at beginning of the year	1,629,216	(561,733)	1,067,483	1,131,721	(403,923)	727,798	1,380,178	(489,047)	891,131	1,521,504	(518,730)	1,002,774
Issuance of units:												
MSAP - I: 1,150,847 units / MSAP - II: 473,961 units												
MSAP - III: 923,727 units / MSAP - IV: 1,040,703 units												
MSAP - V: 141,361 units / MCPP - III: nil												
- Capital value (at net asset value per unit at the beginning of the period)	41,984	-	41,984	17,065	-	17,065	32,400	-	32,400	37,105	-	37,105
- Element of income	418	-	418	415	-	415	502	-	502	726	-	726
Total proceeds on issuance of units	42,402	-	42,402	17,480	-	17,480	32,902	-	32,902	37,831	-	37,831
Redemption of units:												
MSAP - I: 8,896,851 units / MSAP - II: 8,384,840 units												
MSAP - III: 5,385,837 units / MSAP - IV: 8,471,154 units												
MSAP - V: 3,250,058 units / MCPP - III: 13,275,322 units												
- Capital value (at net asset value per unit at the beginning of the year)	324,558	-	324,558	301,897	-	301,897	188,910	-	188,910	302,029	-	302,029
- Element of (income) / loss	(2,591)	961	(1,630)	(197)	120	(77)	3,075	956	4,031	12,178	811	12,989
Total payments on redemption of units	321,967	961	322,928	301,700	120	301,820	191,985	956	192,941	314,207	811	315,018
Total comprehensive income for the year	-	57,331	57,331	-	29,887	29,887	-	54,956	54,956	-	65,172	65,172
Distribution during the year	-	(50,942)	(50,942)	-	(20,727)	(20,727)	-	(40,041)	(40,041)	-	(39,581)	(39,581)
Net income for the year less distribution	-	6,389	6,389	-	9,160	9,160	-	14,915	14,915	-	25,591	25,591
Net assets at end of the year	1,349,651	(556,305)	793,346	847,501	(394,883)	452,618	1,221,095	(475,088)	746,007	1,245,128	(493,950)	751,178
(Accumulated loss) / undistributed income brought forward												
- Realised (loss) / income		(351,036)			(252,922)			(309,831)			(313,601)	
- Unrealised loss		(210,697)			(151,001)			(179,216)			(205,129)	
		(561,733)			(403,923)			(489,047)			(518,730)	
Accounting income available for distribution												
- Relating to capital gains		4,735			4,904			14,278			24,859	
- Excluding capital gains		51,635			24,863			39,722			39,502	
		56,370			29,767			54,000			64,361	
Net income for the year after taxation		-			-			-			-	
Distribution during the year		(50,942)			(20,727)			(40,041)			(39,581)	
(Accumulated loss) / undistributed income carried forward		(556,305)			(394,883)			(475,088)			(493,950)	
(Accumulated loss) / undistributed income carried forward												
- Realised (loss) / income		(568,973)			(382,241)			(466,242)			(483,075)	
- Unrealised income / (loss)		12,668			(12,642)			(8,846)			(10,875)	
		(556,305)			(394,883)			(475,088)			(493,950)	
Net asset value per unit as at beginning of the year		36.4801			36.0051			35.0753			35.6538	
Net asset value per unit as at end of the year		36.8722			36.7897			35.6189			36.2977	

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020			June 30, 2020			June 30, 2020		
	MSAP-V			MCPP-III			Total		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital Value	Accumulated loss	Total	Capital Value	Undistributed income	Total	Capital Value	Accumulated loss	Total
Net assets at beginning of the year	395,264	(79,268)	315,996	1,077,850	21,044	1,098,894	7,135,733	(2,031,657)	5,104,076
Issuance of units:									
MSAP - I: 1,150,847 units / MSAP - II: 473,961 units									
MSAP - III: 923,727 units / MSAP - IV: 1,040,703 units									
MSAP - V: 141,361 units / MCPP - III: nil									
- Capital value (at net asset value per unit at the beginning of the period)	5,766	-	5,766		-	-	134,320	-	134,320
- Element of income	153	-	153		-	-	2,214	-	2,214
Total proceeds on issuance of units	5,919	-	5,919	-	-	-	136,534	-	136,534
Redemption of units:									
MSAP - I: 8,896,851 units / MSAP - II: 8,384,840 units									
MSAP - III: 5,385,837 units / MSAP - IV: 8,471,154 units									
MSAP - V: 3,250,058 units / MCPP - III: 13,275,322 units									
- Capital value (at net asset value per unit at the beginning of the year)	132,568	-	132,568	679,711	-	679,711	1,929,673	-	1,929,673
- Element of (income) / loss	(2,883)	770	(2,113)	(1,503)	23,993	22,490	8,079	27,611	35,690
Total payments on redemption of units	129,685	770	130,455	678,208	23,993	702,201	1,937,752	27,611	1,965,363
Total comprehensive income for the year	-	10,886	10,886	-	19,594	19,594	-	237,826	237,826
Distribution during the year	-	(6,757)	(6,757)	-	-	-	-	(158,048)	(158,048)
Net income for the year less distribution	-	4,129	4,129	-	19,594	19,594	-	79,778	79,778
Net assets at end of the year	271,498	(75,909)	195,589	399,642	16,645	416,287	5,334,515	(1,979,490)	3,355,025
(Accumulated loss) / undistributed income brought forward									
- Realised (loss) / income		(16,156)			45,593			(1,197,953)	
- Unrealised loss		(63,112)			(24,549)			(833,704)	
		(79,268)			21,044			(2,031,657)	
Accounting income available for distribution									
- Relating to capital gains		170			-			48,946	
- Excluding capital gains		9,946			(4,399)			161,269	
		10,116			(4,399)			210,215	
Net income for the year after taxation		-			-			-	
Distribution during the year		(6,757)			-			(158,048)	
(Accumulated loss) / undistributed income carried forward		(75,909)			16,645			(1,979,490)	
(Accumulated loss) / undistributed income carried forward									
- Realised (loss) / income		(71,074)			16,497			(1,955,108)	
- Unrealised income / (loss)		(4,835)			148			(24,382)	
		(75,909)			16,645			(1,979,490)	
Net asset value per unit as at beginning of the year		40.7893			51.2011				
Net asset value per unit as at end of the year		42.1678			50.8475				

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2019			June 30, 2019			June 30, 2019			June 30, 2019		
	MSAP-I			MSAP-II			MSAP-III			MSAP-IV		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total
Net assets at beginning of the year	2,243,221	(297,759)	1,945,462	1,516,558	(227,213)	1,289,345	1,709,505	(286,294)	1,423,211	1,957,929	(292,424)	1,665,505
Redemption of units:												
MSAP - I: 14,939,129 units / MSAP - II: 9,738,970 units / MSAP - III: 8,468,859 units / MSAP - IV: 10,860,950 units / MSAP - V: 2,944,390 units / MCPP - III: 5,789,253 units												
- Capital value (at net asset value per unit at the beginning of the year)	657,528	-	657,528	419,225	-	419,225	355,806	-	355,806	463,983	-	463,983
- Element of (income) / loss	(43,523)	-	(43,523)	(34,388)	-	(34,388)	(26,479)	-	(26,479)	(27,558)	-	(27,558)
Total payments on redemption of units	614,005	-	614,005	384,837	-	384,837	329,327	-	329,327	436,425	-	436,425
Total comprehensive (loss) / income for the year	-	(263,974)	(263,974)	-	(176,710)	(176,710)	-	(202,753)	(202,753)	-	(226,306)	(226,306)
Distribution during the year	-	-	-	-	-	-	-	-	-	-	-	-
Net (loss) / income for the year less distribution	-	(263,974)	(263,974)	-	(176,710)	(176,710)	-	(202,753)	(202,753)	-	(226,306)	(226,306)
Net assets at end of the year	1,629,216	(561,733)	1,067,483	1,131,721	(403,923)	727,798	1,380,178	(489,047)	891,131	1,521,504	(518,730)	1,002,774
(Accumulated loss) / undistributed income brought forward												
- Realised (loss) / income		(105,369)			(74,165)			(116,408)			(121,353)	
- Unrealised (loss) / income		(192,390)			(153,048)			(169,886)			(171,071)	
		(297,759)			(227,213)			(286,294)			(292,424)	
Accounting income available for distribution												
- Relating to capital gains		-			-			-			-	
- Excluding capital gains		-			-			-			-	
		-			-			-			-	
Net (loss) / income for the year after taxation		(263,974)			(176,710)			(202,753)			(226,306)	
Distribution during the year		-			-			-			-	
(Accumulated loss) / undistributed income carried forward		(561,733)			(403,923)			(489,047)			(518,730)	
(Accumulated loss) / undistributed income carried forward												
- Realised (loss) / income		(351,036)			(252,922)			(309,831)			(313,601)	
- Unrealised loss		(210,697)			(151,001)			(179,216)			(205,129)	
		(561,733)			(403,923)			(489,047)			(518,730)	
		Rupees			**Rupees**			**Rupees**			**Rupees**	
Net asset value per unit as at beginning of the year		44.0138			43.0461			42.0135			42.7203	
Net asset value per unit as at end of the year		36.4801			36.0051			35.0753			35.6538	

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2019 MSAP-V (Rupees in '000)			June 30, 2019 MCPP-III (Rupees in '000)			June 30, 2019 Total (Rupees in '000)		
	Capital Value	Accumulated loss	Total	Capital Value	(Accumulated loss) / undistributed income	Total	Capital Value	Accumulated loss	Total
Net assets at beginning of the year	528,299	(7,187)	521,112	1,367,662	(2,491)	1,365,171	9,323,174	(1,113,368)	8,209,806
Redemption of units:									
MSAP - I: 14,939,129 units / MSAP - II: 9,738,970 units / MSAP - III: 8,468,859 units / MSAP - IV: 10,860,950 units / MSAP - V: 2,944,390 units / MCPP - III: 5,789,253 units									
- Capital value (at net asset value per unit at the beginning of the year)	143,513	-	143,513	290,013	-	290,013	2,330,068	-	2,330,068
- Element of (income) / loss	(10,478)	-	(10,478)	(201)	5,049	4,848	(142,627)	5,049	(137,578)
Total payments on redemption of units	133,035	-	133,035	289,812	5,049	294,861	2,187,441	5,049	2,192,490
Total comprehensive (loss) / income for the year	-	(72,081)	(72,081)	-	28,584	28,584	-	(913,240)	(913,240)
Distribution during the year	-	-	-	-	-	-	-	-	-
Net (loss) / income for the year less distribution	-	(72,081)	(72,081)	-	28,584	28,584	-	(913,240)	(913,240)
Net assets at end of the year	395,264	(79,268)	315,996	1,077,850	21,044	1,098,894	7,135,733	(2,031,657)	5,104,076
(Accumulated loss) / undistributed income brought forward									
- Realised (loss) / income		5,171			(14,702)			(426,826)	
- Unrealised (loss) / income		(12,358)			12,211			(686,542)	
		(7,187)			(2,491)			(1,113,368)	
Accounting income available for distribution									
- Relating to capital gains		-			23,535			23,535	
- Excluding capital gains		-			-			-	
		-			23,535			23,535	
Net (loss) / income for the year after taxation		(72,081)			-			(941,824)	
Distribution during the year		-			-			-	
(Accumulated loss) / undistributed income carried forward		(79,268)			21,044			(2,031,657)	
(Accumulated loss) / undistributed income carried forward									
- Realised (loss) / income		(16,156)			45,593			(1,197,953)	
- Unrealised loss		(63,112)			(24,549)			(833,704)	
		(79,268)			21,044			(2,031,657)	
		Rupees			**Rupees**				
Net asset value per unit as at beginning of the year		48.7410			50.0951				
Net asset value per unit as at end of the year		40.7893			51.2011				

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN STRATEGIC ALLOCATION FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

		For the year ended June 30, 2020						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		----------(Rupees in '000)----------						
CASH FLOWS FROM OPERATING ACTIVITIES								
Net income for the year before taxation		57,331	29,887	54,956	65,172	10,886	19,594	237,826
Adjustments for:								
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	6.1	(12,668)	12,642	8,846	10,875	4,835	(148)	24,382
		44,663	42,529	63,802	76,047	15,721	19,446	262,208
Decrease / (increase) in assets								
Investments		271,519	254,968	115,892	238,297	101,885	685,387	1,667,948
Receivable against sale of investments		(130)	-	-	-	-	(490)	(620)
Profit receivable on saving account with banks		27	(1)	8	2	10	(47)	(1)
		271,416	254,967	115,900	238,299	101,895	684,850	1,667,327
Increase / (decrease) in liabilities								
Payable to Al Meezan Investment Management Limited - Management Company		(37)	(29)	(17)	(26)	(11)	(58)	(178)
Payable to Central Depository Company of Pakistan Limited - Trustee		(32)	(26)	(19)	(28)	(12)	(57)	(174)
Payable to Securities and Exchange Commission of Pakistan		(1,312)	(928)	(1,003)	(1,121)	(368)	(1,070)	(5,802)
Payable against purchase of investments - net		130	-	-	52	-	-	182
Accrued expenses and other liabilities		8,629	3,086	7,481	7,282	1,193	474	28,145
		7,378	2,103	6,442	6,159	802	(711)	22,173
Net cash generated from operating activities		323,457	299,599	186,144	320,505	118,418	703,585	1,951,708
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts against issuance and conversion of units		42,402	17,480	32,902	37,831	5,919	-	136,534
Payments against redemption and conversion of units		(324,747)	(302,037)	(192,941)	(318,783)	(130,455)	(703,682)	(1,972,645)
Dividend paid		(49,449)	(19,360)	(39,234)	(38,930)	(6,607)	-	(153,580)
Net cash used in financing activities		(331,794)	(303,917)	(199,273)	(319,882)	(131,143)	(703,682)	(1,989,691)
Net (decrease) / increase in cash and cash equivalents during the year		(8,337)	(4,318)	(13,129)	623	(12,725)	(97)	(37,983)
Cash and cash equivalents at beginning of the year		11,970	4,377	13,180	335	13,450	1,148	44,460
Cash and cash equivalents at end of the year	5	3,633	59	51	958	725	1,051	6,477

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2019						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
CASH FLOWS FROM OPERATING ACTIVITIES								
Net (loss) / income for the year before taxation		(263,974)	(176,710)	(202,753)	(226,306)	(72,081)	28,584	(913,240)
Adjustments for:								
Net unrealised diminution on re-measurement of investments 'at fair value through profit or loss'	6.1	210,697	151,001	179,216	205,129	63,112	24,549	833,704
		(53,277)	(25,709)	(23,537)	(21,177)	(8,969)	53,133	(79,536)
Decrease / (increase) in assets								
Investments		670,042	413,373	364,233	447,525	150,347	235,847	2,281,367
Receivable against sale of investments		-	-	-	200	-	270	470
Profit receivable on saving account with banks		(38)	(8)	(10)	4	2	5	(45)
		670,004	413,365	364,223	447,729	150,349	236,122	2,281,792
(Decrease) / increase in liabilities								
Payable to Al Meezan Investment Management Limited - Management Company		(73)	(44)	(40)	(55)	(16)	(21)	(249)
Payable to Central Depository Company of Pakistan Limited - Trustee		(60)	(40)	(37)	(46)	(14)	(15)	(212)
Payable to Securities and Exchange Commission of Pakistan		(613)	(341)	(328)	(390)	24	657	(991)
Accrued expenses and other liabilities		11	12	17	194	20	708	962
		(735)	(413)	(388)	(297)	14	1,329	(490)
Net cash generated from operating activities		615,992	387,243	340,298	426,255	141,394	290,584	2,201,766
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts against issuance and conversion of units		-	-	-	-	-	-	-
Payments against redemption and conversion of units		(613,169)	(384,573)	(329,276)	(432,660)	(133,034)	(292,375)	(2,185,087)
Net cash used in financing activities		(613,169)	(384,573)	(329,276)	(432,660)	(133,034)	(292,375)	(2,185,087)
Net increase / (decrease) in cash and cash equivalents during the year		2,823	2,670	11,022	(6,405)	8,360	(1,791)	16,679
Cash and cash equivalents at beginning of the year		9,147	1,707	2,158	6,740	5,090	2,939	27,781
Cash and cash equivalents at end of the year	5	11,970	4,377	13,180	335	13,450	1,148	44,460

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN STRATEGIC ALLOCATION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Strategic Allocation Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on September 08, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules). The Fund is registered as a Notified entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations) issued through S.R.O.1203(I)/2008 on October 10, 2016. The Management Company has been licensed by the SECP to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

1.2 The Fund has been formed to enable the unitholders to participate in a diversified portfolio of Equity Schemes and Fixed Income / Money Market Schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.3 The Fund is an open-end Shariah compliant Fund of Funds Scheme. Units are offered for public subscription on a continuous basis till the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

1.4 Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund. The Fund's property comprises of different types of allocation plans which are accounted for and maintained separately in the books of accounts and collectively constitute the Fund's property.

1.5 The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 28, 2018) and also AM1 by PACRA dated June 26, 2020 (2019: AM1 dated June 28, 2019). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.6 The Fund is an open-end Shariah compliant Fund of Funds Scheme that aims to generate returns on investment as per allocation plans (sub funds) namely Meezan Strategic Allocation Plan-I (MSAP-I), Meezan Strategic Allocation Plan-II (MSAP-II), Meezan Strategic Allocation Plan-III (MSAP-III), Meezan Strategic Allocation Plan-IV (MSAP-IV), Meezan Strategic Allocation Plan-V (MSAP-V) and Meezan Capital Preservation Plan-III (MCPP-III) by investing in Shariah compliant fixed income / money market and equity mutual funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP.

Meezan Strategic Allocation Plan-I (MSAP-I)	Medium to high risk - High return through asset allocation The allocation plan commenced its operations from October 19, 2016 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan was two years from the close of the subscription period (i.e. December 2, 2016). Units are subject to front end load. An early exit fee has also been charged in case of redemption before the completion of the initial maturity of the plan. During the year ended June 30, 2019, the SECP approved the extension of the plan by one year vide its letter no. SCD/AMCW/MSAF/MSAP-I/178/2018 dated November 16, 2018; and a further extension of one year was approved vide letter no. SCD/AMCW/MSAF/MSAP-I/142/2019 dated November 19, 2019.
Meezan Strategic Allocation Plan-II (MSAP-II)	Medium to high risk - High return through asset allocation This allocation plan commenced its operations from December 22, 2016 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan was two years from the close of the subscription period (i.e. January 31, 2017). Units are subject to front end load. An early exit fee shall has also been charged in case of redemption before the completion of the initial maturity of the plan. During the year ended June 30, 2019, the SECP approved the extension of the plan by one year vide its letter no. SCD/AMCW/MSAF/MSAP-II/250/2019 dated January 14, 2019; and a further extension of one year was approved vide letter no. SCD/AMCW/MSAF/MSAP-I/206/2020 dated January 24, 2020.

Meezan Strategic Allocation Plan-III (MSAP-III)	Medium to high risk - High return through asset allocation This allocation plan commenced its operations from February 20, 2017 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 95 percent. The initial maturity of this plan was two years from the close of the subscription period (i.e. April 3, 2017). Units are subject to front end load. An early exit fee shall has also been charged in case of redemption before the completion of the initial maturity of the plan. During the year ended June 30, 2019, the SECP approved the extension of the plan by one year vide its letter no. SCD/AMCW/MSAF/MSAP-III/337/2019 dated March 19, 2019; and a further extension of one year was approved on March 30, 2020.
Meezan Strategic Allocation Plan-IV (MSAP-IV)	Medium to high risk - High return through asset allocation This allocation plan commenced its operations from April 24, 2017 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 95 percent. The initial maturity of this plan was two years from the close of the subscription period (i.e. June 30, 2017). Units are subject to front end load. An early exit fee has also been charged in case of redemption before the completion of the initial maturity of the plan. During the year ended June 30, 2019, the SECP approved the extension of the plan by one year vide its letter no. SCD/AMCW/MSAF/MSAP-IV/431/2019 dated May 30, 2019; and a further extension of one year was approved vide letter no. SCD/AMCW/MSAF/MSAP-IV/322/2020 dated June 16, 2020.
Meezan Strategic Allocation Plan-V (MSAP-V)	Medium to high risk - High return through asset allocation This allocation plan commenced its operations from August 15, 2017 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 95 percent. The initial maturity of this plan was two years from the close of the subscription period (i.e. October 19, 2017). Units are subject to front end load. An early exit fee shall has also been charged in case of redemption before the completion of the initial maturity of the plan. During the year ended June 30, 2020, the SECP approved the extension for the plan by one year vide its letter no. SCD/AMCW/AMIML/109/2019 dated October 11, 2019.
Meezan Capital Preservation Plan-III (MCPP-III)	Medium risk - High return through asset allocation This allocation plan commenced its operations from December 19, 2017 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 50 percent in equity schemes and up to 100 percent in money market schemes. The initial maturity of this plan was two years from the close of the subscription period (i.e February 16, 2018). Units are subject to front end load. An early exit fee has also been charged in case of redemption before the completion of the initial maturity of the plan. During the year ended June 30, 2020, the SECP approved the extension for the plan by one year vide its letter no. SCD/AMCW/MSAF/MSAP-I/205/2020 dated January 24, 2020.

Each allocation plan announces separate Net Asset Values which ranks Pari Passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the published accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan for comprise of:

- International 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 with the requirements of IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the standards 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 do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

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)
- 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, 2020 but are considered not to be relevant or will not have any significant impact on the Fund's operations and are, therefore, not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which is measured at fair value.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial instruments

4.3.1 Classification

4.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

4.3.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss'

Basis of valuation in the collective investment scheme

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recoginses loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

4.3.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.8 Unitholders' fund

Unitholders' fund of each sub funds representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

4.9 Issuance and redemption of units

Units issued are recorded at the offer price of each allocation plan, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price of each allocation plan represents the net assets value (NAV) of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redemption price represents the net assets value (NAV) per unit as of close of business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.10 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.11 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (NAV) per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' Fund. However, to maintain the same ex-dividend net asset value (NAV) of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.12 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the commencement of date of book closure of the investee fund declaring the dividend.
- Profit on bank deposit is recognized on a time proportion basis using the effective yield method.

4.13 Expenses

All expenses including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits for the period at the enacted rates. The charge for current tax also include adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

4.15 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) for the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

4.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS

	Note	June 30, 2020						
		MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Saving accounts	5.1	3,622	49	41	948	82	406	5,148
Current accounts		11	10	10	10	643	645	1,329
		3,633	59	51	958	725	1,051	6,477

		June 30,2019						
		MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Saving accounts	5.1	11,904	4,180	13,170	97	7,807	503	37,661
Current accounts		66	197	10	238	5,643	645	6,799
		11,970	4,377	13,180	335	13,450	1,148	44,460

5.1 The balance in saving accounts have an expected profit ranging from 2.31% to 3.40% per annum (2019: 6.30% to 11.85% per annum).

6 INVESTMENTS

	Note	June 30, 2020						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Investments - 'at fair value through profit or loss'	6.1	804,843	457,410	754,757	758,874	196,368	417,722	3,389,974

		June 30,2019						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Investments - 'at fair value through profit or loss'	6.1	1,063,694	725,020	879,495	1,008,046	303,088	1,102,961	5,082,304

6.1 Investments - 'at fair value through profit or loss' - Units of mutual funds

Name of investee funds	As at July 1, 2019	Purchases during the year	Redemptions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (loss) / gain as at June 30, 2020	Percentage in relation to market value as a percentage of total investments
	(Number of units)				(Rupees in '000)			(Percentage)
Meezan Strategic Allocation Plan-I								
Al Meezan Mutual Fund	18,848,470	10,488,716	19,471,353	9,865,833	135,527	131,395	(4,132)	16.33
KSE Meezan Index Fund	201,580	-	197,269	4,311	228	230	2	0.03
Meezan Cash Fund	-	11,301,674	11,301,674	-	-	-	-	-
Meezan Dedicated Equity Fund	8,724,481	5,251,784	7,953,695	6,022,570	179,498	208,407	28,909	25.89
Meezan Islamic Fund	3,358,170	10,859,097	8,899,323	5,317,944	260,959	248,726	(12,233)	30.90
Meezan Islamic Income Fund	4,983,963	9,902,983	10,688,322	4,198,624	215,963	216,085	122	26.85
Meezan Rozana Amdani Fund	1,486,486	25,261,350	26,747,836	-	-	-	-	-
					792,175	**804,843**	**12,668**	**100.00**
Meezan Strategic Allocation Plan-II								
Al Meezan Mutual Fund	22,818,599	12,955,442	23,130,041	12,644,000	173,691	168,395	(5,296)	36.82
KSE Meezan Index Fund	137,871	-	345	137,526	7,282	7,346	64	1.61
Meezan Cash Fund	1,615	-	1,615	-	-	-	-	-
Meezan Dedicated Equity Fund	1,238,827	-	918,352	320,475	11,381	11,090	(291)	2.42
Meezan Islamic Fund	2,983,781	4,469,702	4,328,798	3,124,685	153,333	146,144	(7,189)	31.95
Meezan Islamic Income Fund	3,408,091	5,794,550	6,784,865	2,417,776	124,365	124,435	70	27.20
Meezan Rozana Amdani Fund	1,014,332	4,805,998	5,820,330	-	-	-	-	-
					470,052	**457,410**	**(12,642)**	**100.00**

Name of investee funds	As at July 1, 2019	Purchases during the year	Redemptions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (loss) / gain as at June 30, 2020	Percentage in relation to market value as a percentage of total investments
	(Number of units)				(Rupees in '000)			(Percentage)
Meezan Strategic Allocation Plan-III								
Al Meezan Mutual Fund	-	1,108,489	545,023	563,466	7,740	7,504	(236)	0.99
KSE Meezan Index Fund	167,669	206,406	-	374,075	18,852	19,980	1,128	2.65
Meezan Cash Fund	116,448	-	116,448	-	-	-	-	-
Meezan Dedicated Equity Fund	1,980,130	3,501,696	2,609,468	2,872,358	88,441	99,396	10,955	13.17
Meezan Islamic Fund	10,949,099	11,868,525	13,771,817	9,045,807	443,890	423,082	(20,808)	56.06
Meezan Islamic Income Fund	4,056,911	9,143,864	9,221,520	3,979,255	204,680	204,795	115	27.13
Meezan Rozana Amdani Fund	1,222,400	7,202,722	8,425,122	-	-	-	-	-
					763,603	**754,757**	**(8,846)**	**100.00**
Meezan Strategic Allocation Plan-IV								
Al Meezan Mutual Fund	1,877,734	13,408,706	7,516,046	7,770,394	106,742	103,488	(3,254)	13.63
KSE Meezan Index Fund	190,276	206,406	-	396,682	20,049	21,188	1,139	2.79
Meezan Cash Fund	158,201	-	158,201	-	-	-	-	-
Meezan Dedicated Equity Fund	1,740,577	4,530,839	3,581,305	2,690,111	85,530	93,090	7,560	12.27
Meezan Islamic Fund	12,489,097	9,640,178	14,984,258	7,145,017	350,616	334,179	(16,437)	44.04
Meezan Islamic Income Fund	4,583,447	9,386,616	9,949,333	4,020,730	206,812	206,929	117	27.27
Meezan Rozana Amdani Fund	1,378,452	7,556,604	8,935,056	-	-	-	-	-
					769,749	**758,874**	**(10,875)**	**100.00**
Meezan Strategic Allocation Plan-V								
Al Meezan Mutual Fund	-	316,711	155,721	160,990	2,212	2,144	(68)	1.09
KSE Meezan Index Fund	56,659	-	142	56,517	2,993	3,019	26	1.54
Meezan Cash Fund	786,420	-	786,420	-	-	-	-	-
Meezan Dedicated Equity Fund	978,486	792,958	769,702	1,001,742	34,415	34,665	250	17.65
Meezan Islamic Fund	3,635,008	2,950,222	4,379,399	2,205,831	108,242	103,169	(5,073)	52.54
Meezan Islamic Income Fund	787,065	2,350,255	2,100,267	1,037,053	53,341	53,371	30	27.18
Meezan Rozana Amdani Fund	220,080	2,309,749	2,529,829	-	-	-	-	-
					201,203	**196,368**	**(4,835)**	**100.00**
Meezan Strategic Allocation Plan - MCPP-III								
Meezan Cash Fund	-	45,907,961	45,907,961	-	-	-	-	-
Meezan Dedicated Equity Fund	5,644,621	12,671,265	18,315,886	-	-	-	-	-
Meezan Rozana Amdani Fund	4,521,293	42,294,146	46,815,439	-	-	-	-	-
Meezan Sovereign Fund	13,138,233	15,605,745	20,640,348	8,103,630	417,574	417,722	148	100.00
					417,574	**417,722**	**148**	**100.00**
Total investments in units of mutual funds								
Al Meezan Mutual Fund	43,544,803	38,278,064	50,818,184	31,004,683	425,912	412,926	(12,986)	12.18
KSE Meezan Index Fund	754,055	412,812	197,756	969,111	49,404	51,763	2,359	1.53
Meezan Cash Fund	1,062,684	57,209,635	58,272,319	-	-	-	-	-
Meezan Dedicated Equity Fund	20,307,122	26,748,542	34,148,408	12,907,256	399,265	446,648	47,383	13.18
Meezan Islamic Fund	33,415,155	39,787,724	46,363,595	26,839,284	1,317,040	1,255,300	(61,740)	37.03
Meezan Islamic Income Fund	17,819,477	36,578,268	38,744,307	15,653,438	805,161	805,615	454	23.76
Meezan Rozana Amdani Fund	9,843,043	89,430,569	99,273,612	-	-	-	-	-
Meezan Sovereign Fund	13,138,233	15,605,745	20,640,348	8,103,630	417,574	417,722	148	12.32
					3,414,356	**3,389,974**	**(24,382)**	**100.00**

7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	June 30, 2020						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Management fee payable	7.1	1	-	1	1	5	1	9
Sindh Sales Tax payable on remuneration of the Management company	7.2	-	-	-	-	1	-	1
Allocated expense payable	7.3	66	37	62	64	16	35	280
		67	37	63	65	22	36	290

		June 30, 2019						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Management fee payable	7.1	10	4	4	4	5	2	29
Sindh Sales Tax payable on remuneration of the Management company	7.2	1	1	1	1	1	-	5
Allocated expense payable	7.3	93	61	75	86	27	92	434
		104	66	80	91	33	94	468

7.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2019: 1%) per annum of the daily bank balance of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs 0.029 million (2019: Rs 0.071 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.033 million (2019: Rs 0.072 million) has been paid to the Management Company which acts as a collecting agent.

7.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund during the year.

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY

		June 30, 2020						
	Note	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Trustee fee payable	8.1	46	26	43	43	11	24	193
Sindh Sales Tax payable on trustee fee	8.2	6	3	6	5	1	3	24
		52	29	49	48	12	27	217

		June 30,2019						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Trustee fee payable	8.1	74	49	60	68	21	74	346
Sindh Sales Tax payable on trustee fee	8.2	10	6	8	8	3	10	45
		84	55	68	76	24	84	391

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed. Effective from July 1, 2019, the trustee has revised its tariff as under:

Previous tariff		Revised Tariff
Net Assets (Rs.)	**Fee**	0.070% per anum of Net Assets
Upto 1 Billion	0.10% of Net Assets	
Above 1 Billion	Rs. 1 Million plus 0.075% per anum of Net Assets exceeding Rs. 1 Billion	

Accordingly, the Fund has charged Trustee Fee @ 0.070% p.a. of Net Assets during the year.

8.2 During the year, an amount of Rs 0.367 million (2019: Rs. 0.712 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. 0.388 million (2019: Rs. 0.735 million) was paid to the Trustee which acts as a collecting agent.

9 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to fund of funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

		June 30, 2020						
	Note	MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Auditors' remuneration payable		85	48	77	81	23	80	394
Shariah advisory fee payable		31	24	28	28	6	21	138
Zakat Payable		-	11	-	-	-	55	66
Printing fee payable		155	106	117	131	45	109	663
Capital gain tax		1	2	-	-	-	84	87
Withholding tax payable on dividend		7,443	2,477	6,333	6,106	979	-	23,338
Provision for Sindh Workers' Welfare Fund	10.1	5,651	610	1,121	1,330	222	982	9,916
		13,366	3,278	7,676	7,676	1,275	1,331	34,602

		June 30, 2019						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
Auditors' remuneration payable		68	47	54	60	20	75	324
Shariah advisory fee payable		29	26	24	27	7	26	139
Zakat Payable		4	11	-	176	10	27	228
Printing fee payable		155	106	117	131	45	109	663
Capital gain tax		-	2	-	-	-	37	39
Provision for Sindh Workers' Welfare Fund	10.1	4,481	-	-	-	-	583	5,064
		4,737	192	195	394	82	857	6,457

10.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of MSAP-I, MSAP-II, MSAP-III, MSAP-IV, MSAP-V and MCPP-III as at June 30, 2020 would have been higher by Re. 0.263, Re. 0.050, Re. 0.054, Re. 0.064, Re. 0.048 and Re. 0.120 per unit respectively (2019: Re. 0.153, nil, nil, nil, nil and Re. 0.027 per unit respectively).

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

12 AUDITORS' REMUNERATION

	June 30, 2020						
	MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
	(Rupees in '000)						
Annual audit fee	107	64	92	97	28	82	470
Half yearly review	35	20	32	35	9	31	162
Out of pocket expenses	2	1	2	2	-	2	9
	144	85	126	134	37	115	641

	June 30, 2019						
	MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
	(Rupees in '000)						
Annual audit fee	81	56	63	70	22	67	359
Half yearly review	50	33	36	40	10	25	194
	131	89	99	110	32	92	553

13 EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2020 are:

	MSAP - I	MSAP - II	MSAP - III	MSAP - IV	MSAP - V	MCPP - III
	Percentage (%)					
Total Expense Ratio (TER)	0.36	0.35	0.37	0.38	0.35	0.29
Government levy and SECP fee	0.16	0.15	0.17	0.19	0.13	0.08

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2019 are:

	MSAP - I	MSAP - II	MSAP - III	MSAP - IV	MSAP - V	MCPP - III
	Percentage (%)					
Total Expense Ratio (TER)	0.32	0.31	0.31	0.31	0.32	0.35
Government levy and SECP fee	0.11	0.11	0.11	0.11	0.11	0.15

The above ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Fund Scheme.

14 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in Finance Act, 2015 is also not applicable on Funds as per Section 4B of the Income Tax Ordinance, 2001.

15 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

15.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited Employees' Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

15.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

15.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Rules, the NBFC Regulations and the Trust Deed respectively.

15.4 Detail of transactions with connected persons and balances with them are as follows:

Balances	June 30, 2020						
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
Al Meezan Investment Management Limited - Management Company							
Management fee payable (Rs in '000)	1	-	1	1	5	1	9
Sindh Sales Tax payable on management fee (Rs in '000	-	-	-	-	1	-	1
Allocated expenses payable (Rs in '000)	66	37	62	64	16	35	280
Meezan Bank Limited							
Bank balance (Rs in '000)	3,566	59	51	958	725	1,040	6,399
Profit receivable (Rs in '000)	27	12	5	9	1	56	110
Central Depository Company of Pakistan Limited - Trustee							
Trustee fee payable (Rs. in '000)	46	26	43	43	11	24	193
Sindh Sales Tax payable on trustee fee (Rs. in '000)	6	3	6	5	1	3	24
Directors and Executives of the Management Company							
Investment (Rs in '000)	-	-	12,561	-	-	-	12,561
Investment (Units)	-	-	352,640	-	-	-	352,640
Al Meezan Mutual Fund							
Investment (Rs in '000)	131,395	168,395	7,504	103,488	2,144	-	412,926
Investment (Units)	9,865,833	12,644,000	563,466	7,770,394	160,990	-	31,004,683
KSE Meezan Index Fund							
Investment (Rs in '000)	230	7,346	19,980	21,188	3,019	-	51,763
Investment (Units)	4,311	137,526	374,075	396,682	56,517	-	969,111
Meezan Dedicated Equity Fund							
Investment (Rs in '000)	208,407	11,090	99,396	93,090	34,665	-	446,648
Investment (Units)	6,022,570	320,475	2,872,358	2,690,111	1,001,742	-	12,907,256
Meezan Islamic Fund							
Investment (Rs in '000)	248,726	146,144	423,082	334,179	103,169	-	1,255,300
Investment (Units)	5,317,944	3,124,685	9,045,807	7,145,017	2,205,831	-	26,839,284
Meezan Islamic Income Fund							
Investment (Rs in '000)	216,085	124,435	204,795	206,929	53,371	-	805,615
Investment (Units)	4,198,624	2,417,776	3,979,255	4,020,730	1,037,053	-	15,653,438
Meezan Sovereign Fund							
Investment (Rs in '000)	-	-	-	-	-	417,722	417,722
Investment (Units)	-	-	-	-	-	8,103,630	8,103,630
Unitholders holding 10% or more units of the Fund							
Investment (Rs in '000)	182,460	101,247	248,015	379,597	69,610	-	980,929
Investment (Units)	4,948,436	2,752,039	6,963,017	10,457,891	1,650,791	-	26,772,174

	June 30, 2019						
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
Al Meezan Investment Management Limited - Management Company							
Management fee payable (Rs in '000)	10	4	4	4	5	2	29
Sindh Sales Tax payable on management fee (Rs in '000	1	1	1	1	1	-	5
Allocated expenses (Rs in '000)	93	61	75	86	27	92	434
Investment (Rs in '000)	-	71,996	-	-	-	-	71,996
Investment (Units)	-	1,999,600	-	-	-	-	1,999,600
Meezan Bank Limited							
Bank balance (Rs in '000)	11,958	4,377	13,180	335	13,450	1,138	44,438
Profit receivable (Rs in '000)	54	11	13	11	11	9	109
Central Depository Company of Pakistan Limited - Trustee							
Trustee fee payable (Rs in '000)	74	49	60	68	21	74	346
Sindh Sales Tax on trustee fee payable (Rs in '000)	10	6	8	8	3	10	45
Directors and Executives of the management company							
Investment (Rs in '000)	-	-	12,369	-	-	-	12,369
Investment (Units)	-	-	352,640	-	-	-	352,640

	June 30, 2019						
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
Al Meezan Mutual Fund							
Investment (Rs in '000)	251,742	304,767	-	25,079	-	-	581,588
Investment (Units)	18,848,470	22,818,599	-	1,877,734	-	-	43,544,803
KSE Meezan Index Fund							
Investment (Rs in '000)	10,700	7,300	8,900	10,100	3,000	-	40,000
Investment (Units)	202,085	137,871	168,089	190,753	56,659	-	755,457
Meezan Dedicated Equity Fund							
Investment (Rs in '000)	309,838	43,995	70,322	61,814	34,750	200,459	721,178
Investment (Units)	8,724,482	1,238,827	1,980,130	1,740,577	978,486	5,644,575	20,307,077
Meezan Islamic Fund							
Investment (Rs in '000)	160,957	143,013	524,790	598,602	174,226	-	1,601,588
Investment (Units)	3,358,169	2,983,781	10,949,099	12,489,097	3,635,008	-	33,415,154
Meezan Rozana Amdani Fund							
Investment (Rs in '000)	74,324	50,717	61,120	68,923	11,004	226,065	492,153
Investment (Units)	1,486,485	1,014,332	1,222,400	1,378,452	220,080	4,521,293	9,843,042
Meezan Cash Fund							
Investment (Rs in '000)	-	81	5,873	7,978	39,660	-	53,592
Investment (Units)	-	1,615	116,448	158,201	786,420	-	1,062,684
Meezan Islamic Income Fund							
Investment (Rs in '000)	256,133	175,147	208,490	235,550	40,448	-	915,768
Investment (Units)	4,983,964	3,408,091	4,056,912	4,583,447	787,065	-	17,819,479
Meezan Sovereign Fund							
Investment (Rs in '000)	-	-	-	-	-	676,437	676,437
Investment (Units)	-	-	-	-	-	13,138,372	13,138,372
Unitholders holding 10% or more units of the Fund							
Investment (Rs in '000)	-	95,237	233,104	356,182	76,205	169,673	930,401
Investment (Units)	-	2,645,091	6,645,828	9,990,010	1,868,272	3,313,849	24,463,050

	For the year ended June 30, 2020						
Transactions during the year	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
Al Meezan Investment Management Limited - Management Company							
Management fee for the year (Rs in '000)	42	29	26	17	55	70	239
Sindh Sales Tax on management fee (Rs in '000)	5	3	3	2	7	9	29
Allocated expenses (Rs in '000)	884	511	797	847	229	757	4,025
Redeemed during the year (Rs in '000)	-	68,876	-	-	-	-	68,876
Redeemed during the year (Units)	-	1,999,600	-	-	-	-	1,999,600
Meezan Bank Limited							
Profit on saving account (Rs in '000)	428	226	263	413	296	1,226	2,852
Central Depository Company of Pakistan Limited - Trustee							
Trustee fee (Rs in '000)	619	358	558	593	160	530	2,818
Sindh Sales Tax on trustee fee (Rs in '000)	80	47	73	77	21	69	367
Al Meezan Mutual Fund							
Invested during the year (Rs in '000)	143,526	177,691	14,740	188,742	4,212	-	528,911
Invested during the year (Units)	10,488,716	12,955,442	1,108,489	13,408,706	316,711	-	38,278,064
Redeemed during the year (Rs in '000)	255,703	308,947	7,495	103,360	2,141	-	677,646
Redeemed during the year (Units)	19,471,353	23,130,041	545,023	7,516,046	155,721	-	50,818,184
Dividend received during the year (Rs. In '000)	4,294	5,504	245	3,382	70	-	13,495
KSE Meezan Index Fund							
Invested during the year (Rs in '000)	-	-	10,000	10,000	-	-	20,000
Invested during the year (Units)	-	-	206,406	206,406	-	-	412,812
Redeemed during the period (Rs in '000)	10,000	18	-	-	7	-	10,025
Redeemed during the period (Units)	197,269	345	-	-	142	-	197,756
Meezan Cash Fund							
Invested during the year (Rs in '000)	596,752	-	-	-	-	2,375,547	2,972,299
Invested during the year (Units)	11,301,674	-	-	-	-	45,907,961	57,209,635
Redeemed during the year (Rs in '000)	597,678	83	5,962	8,081	40,264	2,399,864	3,051,932
Redeemed during the year (Units)	11,301,674	1,615	116,448	158,201	786,420	45,907,961	58,272,319

	For the year ended June 30, 2020						
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
Meezan Dedicated Equity Fund							
Invested during the year (Rs in '000)	152,000	-	113,000	149,000	27,000	470,400	911,400
Invested during the year (Units)	5,251,784	-	3,501,696	4,530,839	792,958	12,671,265	26,748,542
Redeemed during the year (Rs in '000)	275,200	38,302	93,500	142,433	29,650	614,406	1,193,491
Redeemed during the year (Units)	7,953,695	918,352	2,609,468	3,581,305	769,702	18,315,886	34,148,408
Meezan Islamic Fund							
Invested during the year (Rs in '000)	533,959	223,833	578,390	488,550	146,243	-	1,970,975
Invested during the year (Units)	10,859,097	4,469,702	11,868,525	9,640,178	2,950,222	-	39,787,724
Redeemed during the year (Rs in '000)	429,740	221,048	677,285	752,318	212,949	-	2,293,340
Redeemed during the year (Units)	8,899,323	4,328,798	13,771,817	14,984,258	4,379,399	-	46,363,595
Dividend received during the year (Rs. In '000)	12,619	7,415	21,465	16,955	5,234	-	63,688
Meezan Islamic Income Fund							
Invested during the year (Rs in '000)	531,193	310,249	490,773	503,456	126,444	-	1,962,115
Invested during the year (Units)	9,902,983	5,794,550	9,143,864	9,386,616	2,350,255	-	36,578,268
Redeemed during the year (Rs in '000)	578,346	365,174	500,473	538,456	114,763	-	2,097,212
Redeemed during the year (Units)	10,688,322	6,784,865	9,221,520	9,949,333	2,100,267	-	38,744,307
Dividend received during the year (Rs. In '000)	151	87	143	144	37	-	562
Refund of Capital during the year (Rs. In '000)	22,054	12,684	20,875	21,093	5,440	-	82,146
Meezan Rozana Amdani Fund							
Invested during the year (Rs in '000)	1,263,067	240,300	360,136	377,830	115,487	2,114,707	4,471,527
Invested during the year (Units)	25,261,350	4,805,998	7,202,722	7,556,604	2,309,749	42,294,146	89,430,569
Redeemed during the year (Rs in '000)	1,337,392	291,016	421,256	446,753	126,491	2,340,772	4,963,680
Redeemed during the year (Units)	26,747,836	5,820,330	8,425,122	8,935,056	2,529,829	46,815,439	99,273,612
Dividend received during the year (Rs. In '000)	38,296	13,542	21,485	22,651	5,876	44,688	146,538
Meezan Sovereign Fund							
Invested during the year (Rs in '000)	-	-	-	-	-	843,105	843,105
Invested during the year (Units)	-	-	-	-	-	15,605,745	15,605,745
Redeemed during the year (Rs in '000)	-	-	-	-	-	1,106,373	1,106,373
Redeemed during the year (Units)	-	-	-	-	-	20,640,348	20,640,348
Dividend received during the year (Rs. In '000)	-	-	-	-	-	227	227
Refund of Capital during the year (Rs. In '000)	-	-	-	-	-	41,454	41,454
Directors and Executives of the management company							
Dividend received during the year (Rs. In '000)	-	-	705	-	-	-	705

	For the year ended June 30, 2019						
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
Al Meezan Investment Management Limited - Management Company							
Management fee (Rs in '000)	197	73	67	76	76	48	537
Sindh Sales Tax on management fee (Rs in '000)	26	10	9	10	10	6	71
Allocated expenses (Rs in '000)	1,569	1,087	1,225	1,360	436	1,288	6,965
Meezan Bank Limited							
Profit on saving account (Rs in '000)	628	375	247	263	242	138	1,893
Central Depository Company of Pakistan Limited - Trustee							
Trustee fee (Rs in '000)	1,233	854	963	1,069	342	1,013	5,474
Sindh Sales Tax on trustee fee (Rs in '000)	160	111	125	139	45	132	712
Al Meezan Mutual Fund							
Invested during the year (Rs in '000)	100,000	-	-	-	-	-	100,000
Invested during the year (Units)	5,972,333	-	-	-	-	-	5,972,333
Redeemed during the year (Rs in '000)	1	-	-	-	-	-	1
Redeemed during the year (Units)	57,232	-	-	-	-	-	57,232
KSE Meezan Index Fund							
Invested during the year (Rs in '000)	10,700	7,300	8,900	10,100	3,000	-	40,000
Invested during the year (Units)	202,085	137,871	168,089	190,753	56,659	-	755,457
Meezan Dedicated Equity Fund							
Invested during the year (Rs in '000)	669,000	7	9	10	3	715,130	1,384,159
Invested during the year (Units)	14,365,939	195,176	250,940	278,823	83,647	16,203,722	31,378,247
Redeemed during the year (Rs in '000)	420,970	34,830	19,170	22,580	24,450	601,052	1,123,052
Redeemed during the year (Units)	9,404,418	909,924	461,212	517,621	538,246	13,476,569	25,307,990
Meezan Islamic Fund							
Invested during the year (Rs in '000)	337,500	79,000	102,870	120,000	34,750	-	674,120
Invested during the year (Units)	5,815,081	1,453,481	1,881,112	2,195,916	646,341	-	11,991,931
Redeemed during the year (Rs in '000)	1,103,435	320,470	332,110	247,050	108,280	-	2,111,345
Redeemed during the year (Units)	18,611,870	5,733,462	5,989,870	7,074,073	1,979,842	-	39,389,117

	For the year ended June 30, 2019						
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
Meezan Rozana Amdani Fund							
Invested during the year (Rs in '000)	85,024	58,017	70,020	79,023	14,004	226,065	532,153
Invested during the year (Units)	1,700,486	1,160,332	1,400,400	1,580,452	280,080	4,521,293	10,643,043
Redeemed during the year (Rs in '000)	10,700	7,300	8,900	10,100	3,000	-	40,000
Redeemed during the year (Units)	214,001	146,000	178,000	202,000	60,000	-	800,001
Dividend received during the year (Rs. In '000)	24	17	20	23	4	65	153
Dividend received during the year (Units)	486	332	400	452	80	1,293	3,043
Meezan Cash Fund							
Invested during the year (Rs in '000)	3,941	3,556	7,424	9,060	7,507	621,617	653,105
Invested during the year (Units)	78,130	70,574	146,768	178,981	148,857	-	623,310
Redeemed during the year (Rs in '000)	97,777	88,430	156,400	162,190	55,810	1,873,725	2,434,332
Redeemed during the year (Units)	1,898,170	1,708,608	2,996,143	3,544,978	1,507,910	-	11,655,809
Dividend received during the year (Rs. In '000)	3,863	3,556	6,750	7,897	6,174	16,480	44,720
Dividend received during the year (Units)	76,590	70,505	133,832	156,579	122,438	326,778	886,722
Refund of Capital during the year (Rs. In '000)	78	-	95	309	1,332	33,815	35,629
Refund of Capital during the year (Units)	1,539	1	1,886	6,121	26,419	670,507	706,473
Meezan Islamic Income Fund							
Invested during the year (Rs in '000)	184,183	128,839	149,303	155,283	51,658	-	669,266
Invested during the year (Units)	3,478,441	2,436,108	2,819,017	2,928,468	970,683	-	12,632,717
Redeemed during the year (Rs in '000)	338,170	196,920	144,610	161,920	30	-	841,650
Redeemed during the year (Units)	6,230,785	3,606,855	2,624,988	2,939,687	547,181	-	15,949,496
Dividend received during the year (Rs. In '000)	22,426	15,018	15,330	17,930	1,564	-	72,268
Dividend received during the year (Units)	436,184	292,221	298,298	348,881	30,437	-	1,406,021
Refund of Capital during the year (Rs. In '000)	13,267	7,821	8,371	9,354	2,187	-	41,000
Refund of Capital during the year (Units)	258,151	152,185	162,889	182,006	42,552	-	797,783
Meezan Sovereign Fund							
Invested during the year (Rs in '000)	-	-	-	-	-	951,779	951,779
Invested during the year (Units)	-	-	-	-	-	17,406,947	17,406,947
Redeemed during the year (Rs in '000)	-	-	-	-	-	235,090	235,090
Redeemed during the year (Units)	-	-	-	-	-	4,268,576	4,268,576
Dividend received during the year (Rs. In '000)	-	-	-	-	-	1,416	1,416
Dividend received during the year (Units)	-	-	-	-	-	27,504	27,504
Refund of Capital during the year (Rs. In '000)	-	-	-	-	-	42,688	42,688
Refund of Capital during the year (Units)	-	-	-	-	-	829,132	829,132

16 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	6,477	-	6,477
Investments	-	3,389,974	3,389,974
Receivable against sale of investments - net	620	-	620
Profit receivable on saving account with banks	110	-	110
	7,207	3,389,974	3,397,181

	2020		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	290	290
Payable to Central Depository Company of Pakistan Limited - Trustee	-	217	217
Payable against purchase investments - net	-	182	182
Payable against redemption and conversion of units	-	1,582	1,582
Dividend Payable	-	4,468	4,468
Accrued expenses and other liabilities	-	1,195	1,195
	-	7,934	7,934

	2019		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	44,460	-	44,460
Investments	-	5,082,304	5,082,304
Profit receivable on saving account with banks	109	-	109
	44,569	5,082,304	5,126,873

	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	-	468	468
Payable to Central Depository Company of Pakistan Limited - Trustee	-	391	391
Payable against redemption and conversion of units	-	8,864	8,864
Accrued expenses and other liabilities	-	1,126	1,126
	-	10,849	10,849

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

17.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.051 million (2019: Rs. 0.377 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, 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, 2020 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, 2020 can be determined as follows:

	As at June 30, 2020					
		Exposed to yield / profit rate risk				
	Effective yield / profit rate	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / profit rate risk	Total
On-balance sheet financial instruments	---------- (Rupees in '000) ----------					
Financial assets						
Balances with banks	2.31% to 3.40%	5,148	-	-	1,329	6,477
Investments		-	-	-	3,389,974	3,389,974
Receivable against sale of investments - net		-	-	-	620	620
Profit receivable on saving account with banks		-	-	-	110	110
		5,148	-	-	3,392,033	3,397,181
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	290	290
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	217	217
Payable against purchase investments - net		-	-	-	182	182
Payable against redemption and conversion of units		-	-	-	1,582	1,582
Dividend Payable		-	-	-	4,468	4,468
Accrued expenses and other liabilities		-	-	-	1,195	1,195
		-	-	-	7,934	7,934
On-balance sheet gap		5,148	-	-	3,384,099	3,389,247
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total profit rate sensitivity gap		5,148	-	-		
Cumulative profit rate sensitivity gap		5,148	5,148	5,148		

	As at June 30, 2019					
		Exposed to yield / profit rate risk				
	Effective yield / profit rate	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / profit rate risk	Total
On-balance sheet financial instruments	---------- (Rupees in '000) ----------					
Financial assets						
Balances with banks	6.30% to 11.85%	37,661	-	-	6,799	44,460
Investments		-	-	-	5,082,304	5,082,304
Profit receivable on saving account with banks		-	-	-	109	109
		37,661	-	-	5,089,212	5,126,873
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	468	468
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	391	391
Payable against redemption and conversion of units		-	-	-	8,864	8,864
Accrued expenses and other liabilities		-	-	-	1,126	1,126
		-	-	-	10,849	10,849
On-balance sheet gap		37,661	-	-	5,078,363	5,116,024
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total profit rate sensitivity gap		37,661	-	-		
Cumulative profit rate sensitivity gap		37,661	37,661	37,661		

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 as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in open end mutual funds. The Fund manages its price risk arising from investments by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 1% increase / decrease in equity prices as at June 30, 2020 with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 33.900 million (2019: Rs. 50.823 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

	2020						
	Within 1 month	More than one month and upto three	More than three months and upto 1 year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	(Rupees in '000)						
Financial assets							
Balances with banks	6,477	-		-	-	-	6,477
Investments	-	-		-	-	3,389,974	3,389,974
Receivable against sale of investments - net	620	-		-	-	-	620
Profit receivable on saving account with banks	110	-		-	-	-	110
	7,207	-	-	-	-	3,389,974	3,397,181
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	290	-		-	-	-	290
Payable to Central Depository Company of Pakistan Limited - Trustee	217	-		-	-	-	217
Payable against purchase of investments - net	182	-		-	-	-	182
Payable against redemption and conversion of units	1,582	-		-	-	-	1,582
Dividend payable	4,468	-		-	-	-	4,468
Accrued expenses and other liabilities	663	532		-	-	-	1,195
	7,402	532	-	-	-	-	7,934
Net assets / (liabilities)	(195)	(532)	-	-	-	3,389,974	3,389,247

	2019						
	Within 1 month	More than one month and upto three	More than three month and upto 1 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	44,460	-		-	-	-	44,460
Investments	-	-		-	-	5,082,304	5,082,304
Profit receivable on saving account with banks	109	-		-	-	-	109
	44,569	-	-	-	-	5,082,304	5,126,873
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	468	-		-	-	-	468
Payable to Central Depository Company of Pakistan Limited - Trustee	391	-		-	-	-	391
Payable against redemption and conversion of units	8,864	-		-	-	-	8,864
Accrued expenses and other liabilities	663	463		-	-		1,126
	10,386	463	-	-	-	-	10,849
Net assets / (liabilities)	34,183	(463)	-	-	-	5,082,304	5,116,024

17.3 Credit risk

17.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	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	6,477	6,477	44,460	44,460
Investments	3,389,974	-	5,082,304	-
Receivable against sale of investments - net	620	620	-	-
Profit receivable on saving account with banks	110	110	109	109
	3,397,181	7,207	5,126,873	44,569

17.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon, dividend receivable and receivable against sale of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2020	2019
AA+	100	100
	100	100

18 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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, 2020, the Fund held the following financial instruments measured at fair values:

	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(Rupees in '000)			(Rupees in '000)		
Financial assets						
At fair value through profit or loss	-	3,389,974	-	-	5,082,304	-
	-	3,389,974	-	-	5,082,304	-

19 UNITHOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 17, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

20 UNIT HOLDING PATTERN OF THE FUND

	MSAP I 2020			MSAP I 2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	341	373,698	47.11	533	593,169	55.56
Retirement funds	15	150,331	18.95	18	159,865	14.98
Insurance companies	-	-	-	-	-	-
Private limited companies	7	176,062	22.19	7	163,392	15.31
Others	4	93,255	11.75	8	151,057	14.15
Total	367	793,346	100.00	566	1,067,483	100.00

	MSAP II 2020			MSAP II 2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	306	205,347	45.37	445	285,238	39.20
Associated companies	-	-	-	1	71,996	9.89
Retirement funds	5	68,072	15.04	13	165,515	22.74
Private limited companies	4	120,719	26.67	4	113,633	15.61
Others	7	58,480	12.92	9	91,416	12.56
Total	322	452,618	100.00	472	727,798	100.00

	MSAP III			MSAP III		
	2020			2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	232	384,975	51.61	347	538,458	60.42
Director	1	13,160	1.76	1	12,369	1.39
Retirement funds	5	48,636	6.52	6	46,939	5.27
Private limited companies	2	47,532	6.37	2	44,674	5.01
Others	2	251,704	33.74	3	248,691	27.91
Total	242	746,007	100.00	359	891,131	100.00

	MSAP IV			MSAP IV		
	2020			2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	218	317,462	42.27	360	553,385	55.19
Retirement funds	4	27,900	3.71	5	27,591	2.75
Insurance companies	-	-	-	2	29,296	2.92
Private limited companies	2	5,653	0.75	2	5,304	0.53
Others	3	400,163	53.27	6	387,198	38.61
Total	227	751,178	100.00	375	1,002,774	100.00

	MSAP V			MSAP V		
	2020			2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	91	119,214	60.96	187	209,166	66.19
Retirement funds	5	25,096	12.83	6	58,529	18.52
Private limited companies	1	2,193	1.12	1	2,059	0.65
Public limited companies	1	43,837	22.41	1	41,160	13.03
Others	1	5,249	2.68	3	5,082	1.61
Total	99	195,589	100.00	198	315,996	100.00

	MCPP III			MCPP III		
	2020			2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	333	236,100	56.72	700	711,413	64.75
Retirement funds	17	141,827	34.07	21	155,209	14.12
Private limited companies	-	-	-	1	5,083	0.46
Others	6	38,360	9.21	10	227,189	20.67
Total	356	416,287	100.00	732	1,098,894	100.00

21 INVESTMENT COMMITTEE MEMBERS

Details of members of investment committee of the Fund are as follows:

Name	Designation	Qualification	Experience in years
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM /MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Nine years

The Fund Manager of this Fund is Mr. Asif Imtiaz. Other Funds being managed by the Fund Manager are:

- KSE Meezan Index Fund
- Meezan Dedicated Equity Fund
- Meezan Strategic Allocation Fund - II
- Meezan Strategic Allocation Fund - III
- Meezan Financial Planning Fund of Funds
- Meezan Balanced Fund
- Meezan Asset Allocation Fund

22 DETAILS OF MEETINGS OF BOARD OF DIRECTORS

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on				
		August 19, 2019	October 15, 2019	February 10, 2020	April 15, 2020	June 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

23 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.

24 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

25 GENERAL

25.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

25.2 Operational Risk Management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

25.3 Figures have been rounded off to the nearest thousand Rupee unless otherwise stated.

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

Meezan
Strategic Allocation Fund-II

Meezan Strategic Allocation Fund II (MSAF II)

Meezan Strategic Allocation Fund-II is a Shariah compliant scheme which will use active asset allocation strategy for providing competitive returns on your investment. It is a unique asset allocation fund for investors who wish to benefit from the equity market and want an actively managed investment portfolio with diversification.

HIGHEST SOCIAL MEDIA FOLLOWING IN THE INDUSTRY

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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

AUDITORS
A. F. Ferguson & Co.
Chartered Accountants
State Life Building# 1-C,
I.I. Chundrigar Road , Karachi-74000

SHARIAH ADVISER
Meezan Bank Limited

BANKERS TO THE FUND
Bank Al Habib Limited - Islamic Banking
Meezan Bank Limited

LEGAL ADVISER
Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (9221) 35156191-94 Fax: (9221) 35156195
E-mail:

TRANSFER AGENT
Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER
Meezan Strategic Allocation Fund – II (MSAF – II)

Type of Fund

MSAF – II is a perpetual Shariah Compliant (Islamic) Fund of Funds Scheme.

Objective

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

Strategy and Investment Policy

MSAF – II has two Allocation Plans which allow investors to invest according to their risk tolerance levels. These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a weighted average combination of KSE Meezan Index 30 and Fixed Income/Money Market Schemes performance, according to the invested percentages in both the asset classes.

Meezan Strategic Allocation Plan - MCPP-IV	Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation.
Meezan Strategic Allocation Plan - MCPP-V	
Meezan Strategic Allocation Plan - MCPP-VI	
Meezan Strategic Allocation Plan - MCPP-VII	
Meezan Strategic Allocation Plan - MCPP-VIII	

Performance Table with Benchmark

	Returns - FY20
MCPP IV	2.30%
Benchmark	-1.43%
MCPP V	3.12%
Benchmark	-0.18%
MCPP VI	0.43%
Benchmark	-1.17%
MCPP VII	0.34%
Benchmark	1.00%
MCPP VIII	0.81%
Benchmark	-1.21%

Meezan Capital Preservation Plan – IV
The Meezan Capital Preservation Plan – IV posted a total gain of Rs. 40 million in FY20. Total gain comprised of realized and unrealized loss on investments of Rs. 42 million. Dividend income and profit on saving account with banks comprised of Rs. 82 million and 0.3 million respectively. After accounting for expenses of Rs. 4 million, the Fund posted a net income of Rs. 36 million. The net assets of the Fund as at June 30, 2020 were Rs. 1,112 million.

Meezan Capital Preservation Plan – V
The Meezan Capital Preservation Plan – V posted total gain of Rs. 16 million in FY20. Total gain comprised of realized loss on investments of Rs. 6 million. Dividend income and profit on saving account with banks comprised of Rs. 22 million and 0.2 million respectively. After accounting for expenses of Rs. 1 million, the Fund posted a net income of Rs. 15 million. The net assets of the Fund as at June 30, 2020 were Rs. 216 million.

Meezan Capital Preservation Plan – VI
The Meezan Capital Preservation Plan – VI posted total gain of Rs. 8 million in FY20. Total gain comprised of realized loss on investments of Rs. 12 million. Dividend income and profit on saving account with banks comprised of Rs. 20 million and 0.2 million respectively. After accounting for expenses of Rs. 1 million, the Fund posted a net lncome of Rs. 7 million. The net assets of the Fund as at June 30, 2020 were Rs. 213 million.

Meezan Capital Preservation Plan – VII
The Meezan Capital Preservation Plan – VII posted total gain of Rs. 3 million in FY20. Total gain comprised of realized loss on investments of Rs. 8 million. Dividend income and profit on saving account with banks comprised of Rs. 11 million and 0.01 million respectively. After accounting for expenses of Rs. 0.5 million, the Fund posted a net income of Rs. 3 million. The net assets of the Fund as at June 30, 2020 were Rs. 136 million.

Meezan Capital Preservation Plan – VIII
The Meezan Capital Preservation Plan – VIII posted total gain of Rs. 3 million in FY20. Total gain comprised of realized loss on investments of Rs. 4 million. Dividend income and profit on saving account with banks comprised of Rs. 7 million and 0.3 million respectively. After accounting for expenses of Rs.

0.3 million, the Fund posted a net income of Rs. 3 million. The net assets of the Fund as at June 30, 2020 were Rs. 64 million.

Distributions

The Interim Pay out by the Fund during the fiscal year ended June 30, 2020 was Rs. 1.6 per unit (3.2%), Rs. 1.40 per unit (2.8%), Rs. 0.04 per unit (0.08%), Re. 1 per unit (2%) and Rs. 0.33 per unit (0.66%) in MCPP-IV, MCPP-V, MCPP-VI, MCPP-VII and MCPP-VIII respectively. Total distribution made by the fund was Rs. 35 million, Rs. 6 million, Rs. 0.2 million, Rs. 3 million and Rs. 0.4 million in MCPP-IV, MCPP-V, MCPP-VI, MCPP-VII and MCPP-VIII respectively.

Breakdown of unit holdings by size

(As on June 30, 2019)

Range (Units)	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII
	No. of investors	No. of investors	No. of investors	No. of investors	No. of investors
1 - 9,999	391	207	345	313	306
10,000 - 49,999	195	96	69	39	33
50,000 - 99,999	33	11	10	5	2
100,000 - 499,999	34	4	4	2	0
500,000 and above	5	0	0	1	0
Total	658	318	428	360	341

PERFORMANCE TABLE

	June 30, 2020				
	MCPP IV	**MCPP V**	**MCPP VI**	**MCPP VII**	**MCPP VIII**
Net assets (Rs. '000) (ex-distribution)	1,112,385	216,363	213,480	135,604	63,871
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	49.6737	50.2777	50.1329	49.2089	49.0635
Highest redemption price per unit (Rs.)	56.0150	56.1642	55.9504	56.4559	55.2446
Lowest redemption price per unit (Rs.)	48.8788	48.6429	48.3177	48.2911	47.4841
Distribution (%)					
Interim	3.20	2.80	0.08	2.00	0.66
Final					
Date of distribution					
Interim	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
Final	N/A	N/A	N/A	N/A	N/A
Income distribution (Rupees in '000)					
Growth distribution (Rupees in '000)	34,898	5,894	167	2,726	432
Total return (%)	2.30%	3.12%	0.43%	0.34%	0.81%

Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor– Meezan Strategic Allocation Fund-II

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 1, 2019 to June 30, 2020 was the Second year of operation of Meezan Strategic Allocation Fund-II (MSAF-II) under management of Al Meezan Investment Management Limited (Al Meezan). The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, I have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, I hereby certify that:

i. I have reviewed and approved the modes of investments of MSAF-II in light of the *Shari'ah* guidelines.

ii. All the provisions of the scheme and investments made on account of MSAF-II by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.

iii. On the basis of information provided by the management, all the operation of MSAF-II for the year ended June 30, 2020 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shariah Advisor

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OF PAKISTAN LIMITED
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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN STRATEGIC ALLOCATION FUND – II

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Strategic Allocation Fund – II (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Strategic Allocation Fund II

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Strategic Allocation Fund II (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer note 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 1,751.582 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others 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, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

A.F. Ferguson & Co.
Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	June 30, 2020					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		(Rupees in '000)					
Assets							
Balances with banks	5	1,366	2,299	692	175	339	4,871
Investments	6	1,119,695	217,726	213,216	137,116	63,829	1,751,582
Receivable against sale of investments		1,190	3,120	-	100	-	4,410
Advances, deposits and other receivables		118	46	46	27	20	257
Total assets		1,122,369	223,191	213,954	137,418	64,188	1,761,120
Liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	7	95	18	19	12	18	162
Payable to Central Depository Company of Pakistan Limited - Trustee	8	72	15	14	9	4	114
Payable to Securities and Exchange Commission of Pakistan	9	265	66	57	34	18	440
Payable against redemption and conversion of units		1,292	4,608	78	131	110	6,219
Dividend payable		2,190	744	25	1,242	16	4,217
Accrued expenses and other liabilities	10	6,070	1,377	281	386	151	8,265
Total liabilities		9,984	6,828	474	1,814	317	19,417
NET ASSETS		1,112,385	216,363	213,480	135,604	63,871	1,741,703
UNIT HOLDERS' FUND (as per statement attached)		1,112,385	216,363	213,480	135,604	63,871	1,741,703
CONTINGENCIES AND COMMITMENTS	11						
		(Number of units)					
NUMBER OF UNITS IN ISSUE		22,393,842	4,303,353	4,258,282	2,755,688	1,301,802	
		(Rupees)					
NET ASSET VALUE PER UNIT		49.6737	50.2777	50.1329	49.2089	49.0635	

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	June 30, 2019					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		(Rupees in '000)					
Assets							
Balances with banks	5	1,876	908	1,845	2,960	2,286	9,875
Investments	6	1,568,641	474,109	382,823	204,711	128,551	2,758,835
Advances, deposits and other receivables		52	5	21	12	7	97
Total assets		1,570,569	475,022	384,689	207,683	130,844	2,768,807
Liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	7	137	44	45	20	25	271
Payable to Central Depository Company of Pakistan Limited - Trustee	8	123	40	36	17	10	226
Payable to Securities and Exchange Commission of Pakistan	9	1,803	626	467	176	56	3,128
Payable against purchase of investments		-	252	-	35	-	287
Payable against redemption and conversion of units		14,713	-	50	-	9	14,772
Accrued expenses and other liabilities	10	745	153	65	23	20	1,006
Total liabilities		17,521	1,115	663	271	120	19,690
NET ASSETS		1,553,048	473,907	384,026	207,412	130,724	2,749,117
UNIT HOLDERS' FUND (as per statement attached)		1,553,048	473,907	384,026	207,412	130,724	2,749,117
CONTINGENCIES AND COMMITMENTS	11						
		(Number of units)					
NUMBER OF UNITS IN ISSUE		30,985,762	9,456,605	7,686,873	4,144,993	2,667,944	
		(Rupees)					
NET ASSET VALUE PER UNIT		50.1213	50.1139	49.9586	50.0391	48.9980	

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND - II
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2020					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		(Rupees in '000)					
Income							
Net realised loss on sale of investments		(41,360)	(5,843)	(11,860)	(7,827)	(3,732)	(70,622)
Profit on saving accounts with banks		314	170	223	85	306	1,098
Dividend income		81,689	21,816	19,451	11,003	6,616	140,575
		40,643	16,143	7,814	3,261	3,190	71,051
Net unrealised (diminution) / appreciation on re-measurement of investments - 'at fair value through profit or loss'	6.1	(470)	77	76	49	23	(245)
Total income		40,173	16,220	7,890	3,310	3,213	70,806
Expenses							
Remuneration to Al Meezan Investment Management Limited - Management Company	7.1	19	11	18	12	29	89
Sindh Sales Tax on remuneration of the Management Company	7.2	3	1	2	2	4	12
Allocated expenses	15	1,307	326	283	166	91	2,173
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	916	228	198	116	64	1,522
Sindh Sales Tax on remuneration of trustee	8.2	119	30	26	15	8	198
Annual fee to Securities and Exchange Commission of Pakistan		265	66	57	34	18	440
Auditors' remuneration	12	330	88	76	45	24	563
Fees and subscription		394	96	75	40	21	626
Provision for Sindh Workers' Welfare Fund		736	307	142	58	59	1,302
Bank and settlement charges		15	4	8	1	1	29
Total expenses		4,104	1,157	885	489	319	6,954
Net income for the year before taxation		36,069	15,063	7,005	2,821	2,894	63,852
Taxation	13	-	-	-	-	-	-
Net income for the year after taxation		36,069	15,063	7,005	2,821	2,894	63,852
Allocation of net income for the year							
Net income for the year after taxation		36,069	15,063	7,005	2,821	2,894	63,852
Income already paid on units redeemed		(1,171)	(9,092)	(6,762)	(46)	(2,440)	(19,511)
		34,898	5,971	243	2,775	454	44,341
Accounting income available for distribution							
- Relating to capital gains		-	-	-	-	-	-
- Excluding capital gains		34,898	5,971	243	2,775	454	44,341
		34,898	5,971	243	2,775	454	44,341

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN STRATEGIC ALLOCATION FUND - II
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2019		For the period from July 10, 2018 to June 30, 2019	For the period from September 26, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019	Total
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	
		(Rupees in '000)					
Income							
Net realised gain / (loss) on sale of investments		41,900	15,852	11,154	4,354	(3,747)	69,513
Profit on saving accounts with banks		400	260	391	614	241	1,906
Dividend income		15,819	1,942	469	250	151	18,631
		58,119	18,054	12,014	5,218	(3,355)	90,050
Net unrealised diminution on re-measurement of investments - 'at fair value through profit or loss'	6.1	(36,668)	(12,925)	(11,860)	(6,448)	(4)	(67,905)
Total income / (loss)		21,451	5,129	154	(1,230)	(3,359)	22,145
Expenses							
Remuneration to Al Meezan Investment Management Limited - Management Company	7.1	96	79	138	71	56	440
Sindh Sales Tax on remuneration of the Management Company	7.2	13	10	18	9	7	57
Allocated expenses	15	1,898	659	492	185	59	3,293
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	1,568	545	405	152	49	2,719
Sindh Sales Tax on remuneration of trustee	8.2	204	71	53	20	6	354
Annual fee to Securities and Exchange Commission of Pakistan		1,803	626	467	176	56	3,128
Auditors' remuneration	12	184	64	45	19	4	316
Fees and subscription		155	54	39	16	5	269
Printing charges		38	13	8	4	1	64
Provision for Sindh Workers' Welfare Fund		310	60	-	-	-	370
Bank and settlement charges		6	9	18	15	18	66
Total expenses		6,275	2,190	1,683	667	261	11,076
Net income / (loss) for the year / period before taxation		15,176	2,939	(1,529)	(1,897)	(3,620)	11,069
Taxation	13	-	-	-	-	-	-
Net income / (loss) for the year / period after taxation		15,176	2,939	(1,529)	(1,897)	(3,620)	11,069
Allocation of net income for the year / period							
Net income for the year / period after taxation		15,176	2,939	-	-	-	18,115
Income already paid on units redeemed		(5,218)	(1,982)	-	-	-	(7,200)
		9,958	957	-	-	-	10,915
Accounting income available for distribution							
- Relating to capital gains		9,958	957	-	-	-	10,915
- Excluding capital gains		-	-	-	-	-	-
		9,958	957	-	-	-	10,915

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	For the year ended June 30, 2020					
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
	(Rupees in '000)					
Net income for the year after taxation	36,069	15,063	7,005	2,821	2,894	63,852
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	36,069	15,063	7,005	2,821	2,894	63,852

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	For the year ended June 30, 2019		For the period from July 10, 2018 to June 30, 2019	For the period from September 26, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019	Total
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	
	(Rupees in '000)					
Net income / (loss) for the year / period after taxation	15,176	2,939	(1,529)	(1,897)	(3,620)	11,069
Other comprehensive income for the year / period	-	-	-	-	-	-
Total comprehensive income / (loss) for the year / period	15,176	2,939	(1,529)	(1,897)	(3,620)	11,069

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	June 30,2020			June 30,2020			June 30,2020			June 30,2020			June 30,2020			June 30,2020		
	MCPP-IV			MCPP-V			MCPP-VI			MCPP-VII			MCPP-VIII			Total		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital Value	Accumulated Loss	Total	Capital Value	Undistributed income	Total	Capital Value	Accumulated Loss	Total	Capital Value	Accumulated Loss	Total	Capital Value	Accumulated Loss	Total	Capital Value	Accumulated Loss	Total
Net assets at the beginning of the year	**1,563,055**	**(10,007)**	**1,553,048**	**473,102**	**805**	**473,907**	**385,555**	**(1,529)**	**384,026**	**209,309**	**(1,897)**	**207,412**	**134,344**	**(3,620)**	**130,724**	**2,765,365**	**(16,248)**	**2,749,117**
Issuance of units:																		
MCPP-IV: 567,866 (2019: nil) MCPP-V: 84,080 (2019: 1,643,879)																		
MCPP-VI: 2,284 (2019: 13,205,775) MCPP-VII: 24,190 (2019: 7,646,585) MCPP-VIII: 6,994 (2019: 3,463,481)																		
- Capital value (at net asset value per unit at the beginning of the year)	28,462	-	28,462	4,214	-	4,214	114	-	114	1,210	-	1,210	343	-	343	34,343	-	34,343
- Element of (loss) / income	(254)	-	(254)	14	-	14	-	-	-	(20)	-	(20)	1	-	1	(259)	-	(259)
Total proceeds on issuance of units	**28,208**	**-**	**28,208**	**4,228**	**-**	**4,228**	**114**	**-**	**114**	**1,190**	**-**	**1,190**	**344**	**-**	**344**	**34,084**	**-**	**34,084**
Redemption of units:																		
MCPP-IV: 9,159,786 (2019: 11,491,854) / MCPP-V: 5,237,332 (2019: 6,845,896)																		
MCPP-VI: 3,430,875 (2019: 5,518,902) MCPP-VII: 1,413,495 (2019: 3,501,592) MCPP-VIII: 1,373,136 (2019: 795,537)																		
- Capital value (at net asset value per unit at the beginning of the year)	459,099	-	459,099	262,462	-	262,462	171,402	-	171,402	70,731	-	70,731	67,281	-	67,281	1,030,975	-	1,030,975
- Element of (loss) / income	9,772	1,171	10,943	(613)	9,092	8,479	(666)	6,762	6,096	2,316	46	2,362	(62)	2,440	2,378	10,747	19,511	30,258
Total payments on redemption of units	**468,871**	**1,171**	**470,042**	**261,849**	**9,092**	**270,941**	**170,736**	**6,762**	**177,498**	**73,047**	**46**	**73,093**	**67,219**	**2,440**	**69,659**	**1,041,722**	**19,511**	**1,061,233**
Total comprehensive income for the year	-	36,069	36,069	-	15,063	15,063	-	7,005	7,005	-	2,821	2,821	-	2,894	2,894	-	63,852	63,852
Distribution during the year	-	(34,898)	(34,898)	-	(5,894)	(5,894)	-	(167)	(167)	-	(2,726)	(2,726)	-	(432)	(432)	-	(44,117)	(44,117)
Net income for the year less distribution	**-**	**1,171**	**1,171**	**-**	**9,169**	**9,169**	**-**	**6,838**	**6,838**	**-**	**95**	**95**	**-**	**2,462**	**2,462**	**-**	**19,735**	**19,735**
																		-
Net assets at the end of the year	**1,122,392**	**(10,007)**	**1,112,385**	**215,481**	**882**	**216,363**	**214,933**	**(1,453)**	**213,480**	**137,452**	**(1,848)**	**135,604**	**67,469**	**(3,598)**	**63,871**	**1,757,727**	**(16,024)**	**1,741,703**
(Accumulated loss) / undistributed income brought forward																		
- Realised income / (loss)		26,661			13,730			10,331			4,551			(3,616)			51,657	
- Unrealised loss		(36,668)			(12,925)			(11,860)			(6,448)			(4)			(67,905)	
		(10,007)			805			(1,529)			(1,897)			(3,620)			(16,248)	
Accounting income available for distribution																		
- Relating to capital gains		-			-			-			-			-			-	
- Excluding capital gains		34,898			5,971			243			2,775			454			44,341	
		34,898			5,971			243			2,775			454			44,341	
Distribution during the year		(34,898)			(5,894)			(167)			(2,726)			(432)			(44,117)	
(Accumulated loss) / undistributed income carried forward		(10,007)			882			(1,453)			(1,848)			(3,598)			(16,024)	
(Accumulated loss) / undistributed income carried forward																		
- Realised (loss) / income		(9,537)			805			(1,529)			(1,897)			(3,621)			(15,779)	
- Unrealised (loss) / income		(470)			77			76			49			23			(245)	
		(10,007)			882			(1,453)			(1,848)			(3,598)			(16,024)	
		Rupees			**Rupees**			**Rupees**			**Rupees**			**Rupees**				
Net asset value per unit as at the beginning of the year		50.1213			50.1139			49.9586			50.0391			48.9980				
Net asset value per unit as at the end of the year		49.6737			50.2777			50.1329			49.2089			49.0635				

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	June 30,2019			June 30,2019			For the period from July 10, 2018 to June 30, 2019			For the period from September 26, 2018 to June 30, 2019			For the period from December 17, 2018 to June 30, 2019			For the year / period ended June 30, 2019		
	MCPP-IV			MCPP-V			MCPP-VI			MCPP-VII			MCPP-VIII			Total		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income / (accumulated loss)	Total
Net assets at the beginning of the year / period	**2,135,335**	**(19,965)**	**2,115,370**	**733,520**	**(152)**	**733,368**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,868,855**	**(20,117)**	**2,848,738**
Issuance of units:																		
MCPP-IV: nil (2018: 43,678,460) MCPP-V: 1,643,879 (2018: 14,766,103) MCPP-VI: 13,205,775 / MCPP-VII: 7,646,585 / MCPP-VIII: 3,463,481																		
- Capital value (at net asset value per unit at the beginning of the year / period)	-	-	-	82,243	-	82,243	660,289		660,289	382,378		382,378	173,174		173,174	1,298,084	-	1,298,084
- Element of (loss) / income	-	-	-	(417)	-	(417)	3,028		3,028	4,471		4,471	713		713	7,795	-	7,795
Total proceeds on issuance of units	**-**	**-**	**-**	**81,826**	**-**	**81,826**	**663,317**		**663,317**	**386,849**		**386,849**	**173,887**		**173,887**	**1,305,879**	**-**	**1,305,879**
Redemption of units:																		
MCPP-IV: 11,491,854 (2018: 1,200,844) / MCPP-V: 6,845,896 (2018: 107,481) MCPP-VI: 5,518,902 / MCPP-VII: 3,501,592 / MCPP-VIII: 795,537 units																		
- Capital value (at net asset value per unit at the beginning of the year / period)	572,290	-	572,290	342,499	-	342,499	275,945		275,945	175,129		175,129	39,777	-	39,777	1,405,640	-	1,405,640
- Element of (loss) / income	(10)	5,218	5,208	(255)	1,982	1,727	1,817	-	1,817	2,411	-	2,411	(234)	-	(234)	3,963	7,200	10,929
Total payments on redemption of units	**572,280**	**5,218**	**577,498**	**342,244**	**1,982**	**344,226**	**277,762**	**-**	**277,762**	**177,540**	**-**	**177,540**	**39,543**	**-**	**39,543**	**1,409,603**	**7,200**	**1,416,569**
Total comprehensive income / (loss) for the year / period		15,176	15,176		2,939	2,939		(1,529)	(1,529)		(1,897)	(1,897)		(3,620)	(3,620)	-	11,069	11,069
Distribution during the year / period		-	-		-	-		-	-		-	-		-	-	-	-	-
Net income / (loss) for the year / period less distribution		**15,176**	**15,176**		**2,939**	**2,939**		**(1,529)**	**(1,529)**		**(1,897)**	**(1,897)**		**(3,620)**	**(3,620)**	**-**	**11,069**	**11,069**
Net assets at the end of the year / period	**1,563,055**	**(10,007)**	**1,553,048**	**473,102**	**805**	**473,907**	**385,555**	**(1,529)**	**384,026**	**209,309**	**(1,897)**	**207,412**	**134,344**	**(3,620)**	**130,724**	**2,765,131**	**(16,248)**	**2,749,117**
Accumulated loss brought forward																		
- Realised loss		(24,191)			(857)			-			-			-			(25,048)	
- Unrealised income		4,226			705			-			-			-			4,931	
		(19,965)			(152)			-			-			-			(20,117)	
Accounting income available for distribution																		
- Relating to capital gains		9,958			957			-			-			-			10,915	
- Excluding capital gains		-			-			-			-			-			-	
		9,958			957			-			-			-			10,915	
Net loss for the year / period after taxation		-			-			(1,529)			(1,897)			(3,620)			(7,046)	
Distribution during the year / period		-			-			-			-			-			-	
(Accumulated losses) / undistributed income carried forward		(10,007)			805			(1,529)			(1,897)			(3,620)			(16,248)	
(Accumulated losses) / undistributed income carried forward																		
- Realised income / (loss)		26,661			13,730			10,331			4,551			(3,616)			51,657	
- Unrealised loss		(36,668)			(12,925)			(11,860)			(6,448)			(4)			(67,905)	
		(10,007)			805			(1,529)			(1,897)			(3,620)			(16,248)	
		Rupees			**Rupees**			**Rupees**			**Rupees**			**Rupees**				
Net asset value per unit as at the beginning of the year / period		49.7996			50.0298			-			-			-				
Net asset value per unit as at the end of the year / period		50.1213			50.1139			49.9586			50.0391			48.9980				

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND - II
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2020					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		----------(Rupees in '000)----------					
CASH FLOWS FROM OPERATING ACTIVITIES							
Net income for the year before taxation		36,069	15,063	7,005	2,821	2,894	63,852
Adjustments for:							
Net unrealised (diminution) / appreciation on re-measurement of investments 'at fair value through profit or loss'	6.1	470	(77)	(76)	(49)	(23)	245
		36,539	14,986	6,929	2,772	2,871	64,097
Decrease / (increase) in assets							
Investments - net		448,476	256,460	169,683	67,644	64,745	1,007,008
Receivable against sale of investments - net		(1,190)	(3,120)	-	(100)	-	(4,410)
Advances, deposits and other receivables		(66)	(41)	(25)	(15)	(13)	(160)
		447,220	253,299	169,658	67,529	64,732	1,002,438
Increase / (decrease) in liabilities							
Payable to Al Meezan Investment Management Limited - Management Company		(42)	(26)	(26)	(8)	(7)	(109)
Payable to Central Depository Company of Pakistan Limited - Trustee		(51)	(25)	(22)	(8)	(6)	(112)
Payable to Securities and Exchange Commission of Pakistan		(1,538)	(560)	(410)	(142)	(38)	(2,688)
Payable against purchase of investments - net		-	(252)	-	(35)	-	(287)
Accrued expenses and other liabilities		5,325	1,224	216	363	131	7,259
		3,694	361	(242)	170	80	4,063
Net cash generated from operating activities		487,453	268,646	176,345	70,471	67,683	1,070,598
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts against issuance and conversion of units		28,208	4,228	114	1,190	344	34,084
Payments against redemption and conversion of units		(483,463)	(266,333)	(177,470)	(72,962)	(69,558)	(1,069,786)
Dividend paid		(32,708)	(5,150)	(142)	(1,484)	(416)	(39,900)
Net cash used in financing activities		(487,963)	(267,255)	(177,498)	(73,256)	(69,630)	(1,075,602)
Net (decrease) / increase in cash and cash equivalents during the year		(510)	1,391	(1,153)	(2,785)	(1,947)	(5,004)
Cash and cash equivalents at the beginning of the year		1,876	908	1,845	2,960	2,286	9,875
Cash and cash equivalents at the end of the year	5	1,366	2,299	692	175	339	4,871

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN STRATEGIC ALLOCATION FUND - II
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2019		For the period from July 10, 2018 to March 31, 2019	For the period from September 26, 2018 to March 31, 2019	For the period from December 17, 2018 to March 31, 2019	Total
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	
		----------(Rupees in '000)----------					
CASH FLOWS FROM OPERATING ACTIVITIES							
Net income / (loss) for the year / period before taxation		15,176	2,939	(1,529)	(1,897)	(3,620)	11,069
Adjustments for:							
Net unrealised diminution on re-measurement of investments 'at fair value through profit or loss'	6.1	36,668	12,925	11,860	6,448	4	67,905
		51,844	15,864	10,331	4,551	(3,616)	78,974
Decrease / (increase) in assets							
Investments - net		516,844	120,559	(394,683)	(211,159)	(128,555)	(96,994)
Advances, deposits and other receivables		(44)	137	(21)	(12)	(7)	53
		516,800	120,696	(394,704)	(211,171)	(128,562)	(96,941)
Increase / (decrease) in liabilities							
Payable to Al Meezan Investment Management Limited - Management Company		(47)	(9,211)	45	20	25	(9,168)
Payable to Central Depository Company of Pakistan Limited - Trustee		(43)	1	36	17	10	21
Payable to Meezan Bank Limited		-	(5,913)	-	-	-	(5,913)
Payable to Securities and Exchange Commission of Pakistan		1,340	575	467	176	56	2,614
Payable against purchase of investments - net		-	252	-	35	-	287
Accrued expenses and other liabilities		(6,823)	(978)	65	23	20	(7,693)
		(5,573)	(15,274)	613	271	111	(19,852)
Net cash generated from / (used in) operating activities		563,071	121,286	(383,760)	(206,349)	(132,067)	(37,819)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts against issuance and conversion of units		-	84,615	663,317	386,849	173,887	1,308,668
Payments against redemption and conversion of units		(562,938)	(344,231)	(277,712)	(177,540)	(39,534)	(1,401,955)
Net cash (used in) / generated from financing activities		(562,938)	(259,616)	385,605	209,309	134,353	(93,287)
Net increase / (decrease) in cash and cash equivalents during the period		133	(138,330)	1,845	2,960	2,286	(131,106)
Cash and cash equivalents at the beginning of the year / period		1,743	139,238	-	-	-	140,981
Cash and cash equivalents at the end of the year / period	5	1,876	908	1,845	2,960	2,286	9,875

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND - II
NOTES TO AND FORMING PART OF THE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Strategic Allocation Fund - II (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on January 15, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules). The Fund is registered as a Notified entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations) issued through S.R.O.1203(I)/2008 on October 10, 2016. The Management Company has been licensed by the SECP to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

1.2 The Fund has been formed to enable the unit holders to participate in a diversified portfolio of Equity Schemes and Fixed Income / Money Market Schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.3 The Fund is an open-end Shariah compliant Fund of Funds Scheme. Units are offered for public subscription on a continuous basis till the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unit holders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund.

1.4 Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund. The Fund's property comprises of different types of allocation plans which are accounted for and maintained separately in the books of accounts and collectively constitute the Fund's property.

1.5 The Management Company has been assigned a rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 28, 2018) and by PACRA dated June 26, 2020 (2019: AM1 dated June 28, 2019). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.6 The Fund is an open-end Shariah compliant Fund of Funds Scheme that aims to generate returns on investment as per allocation plans (sub funds) namely Meezan Capital Preservation Plan-IV (MCPP-IV), Meezan Capital Preservation Plan-V (MCPP-V), Meezan Capital Preservation Plan-VI (MCPP-VI), Meezan Capital Preservation Plan-VII (MCPP-VII) and Meezan Capital Preservation Plan-VIII (MCPP-VIII) by investing in Shariah compliant Fixed Income / Money Market and Equity Mutual funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP.

1.7 A brief description of the plans is as follows:

Meezan Capital Preservation Plan-IV (MCPP-IV)	**Low risk - High return through asset allocation** This allocation plan commenced its operations from March 06, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.
Meezan Capital Preservation Plan-V (MCPP-V)	**Low risk - High return through asset allocation** This allocation plan commenced its operations from May 04, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.
Meezan Capital Preservation Plan-VI (MCPP-VI)	**Low risk - High return through asset allocation** This allocation plan commenced its operations from July 10, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.

Meezan Capital Preservation Plan-VII (MCPP-VII)	**Low risk - High return through asset allocation** This allocation plan commenced its operations from September 26, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.
Meezan Capital Preservation Plan-VIII (MCPP-VIII)	**Low risk - High return through asset allocation** This allocation plan commenced its operations from December 17, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.

Each allocation plan announces separate Net Asset Values which ranks Pari Passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and

- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- 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, 2020 but are considered not to be relevant or will not have any significant impact on the Fund's operations and are, therefore, not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which is measured at fair value.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Funds operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial assets

4.3.1 Classification

4.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

4.3.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss'

Basis of valuation in the units of mutual funds

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

4.3.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recoginses loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.3.3.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

4.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

4.3.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.8 Unit holders' Fund

Unit holders' Fund of each allocation plan representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

4.9 Issuance and redemption of units

Units issued are recorded at the offer price of each allocation plan, determined by the Management Company for the applications received by the distributors during business hours of the day when the applications are received. The offer price of each allocation plan represents the net assets value (NAV) of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the net assets value (NAV) per unit as of close of business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.10 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.11 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (NAV) per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' Fund. However, to maintain the same ex-dividend net asset value (NAV) of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.12 Revenue recognition

(i) Gains / (losses) arising on sale of investments are included in the Income Statement on the date when the transaction takes place.

(ii) Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the commencement of date of book closure of the investee Fund declaring the dividend.

(iii) Profit on bank deposit is recognized on a time proportion basis using the effective yield method.

(iv) Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.

4.13 Expenses

All expenses including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

4.15 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

4.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS

	Note	June 30, 2020					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		(Rupees in '000)					
Saving accounts	5.1	1,356	2,299	692	175	339	4,861
Current accounts		10	-	-	-	-	10
		1,366	2,299	692	175	339	4,871

	Note	June 30, 2019					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		(Rupees in '000)					
Saving accounts	5.1	1,866	908	1,845	2,960	2,286	9,865
Current accounts		10	-	-	-	-	10
		1,876	908	1,845	2,960	2,286	9,875

5.1 The balances in savings accounts have an expected profit which ranges from 3% to 3.40% (2019 6.30% to 11.85%) per annum.

6 INVESTMENTS

	Note	June 30, 2020					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		(Rupees in '000)					
Investments - 'at fair value through profit or loss'	6.1	1,119,695	217,726	213,216	137,116	63,829	1,751,582

	Note	June 30, 2019					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		(Rupees in '000)					
Investments - 'at fair value through profit or loss'	6.1	1,568,641	474,109	382,823	204,711	128,551	2,758,835

6.1 Investments - 'at fair value through profit or loss' - Units of mutual funds

Name of investee funds	As at July 1, 2019	Purchases during the year	Redemptions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised (diminution) / appreciation as at June 30, 2020	Percentage in relation to	
								Market value on the basis of Net Assets of the Fund	Total market value of investments
	(Number of units)				(Rupees in '000)			(Percentage)	
Meezan Capital Preservation Plan - IV									
Meezan Dedicated Equity Fund	10,044,192	11,323,232	20,360,026	1,007,398	35,715	34,860	(855)	3.13	3.11
Meezan Cash Fund	-	60,130,394	60,130,394	-	-	-	-	-	-
Meezan Sovereign Fund	17,633,059	40,595,658	37,183,424	21,045,293	1,084,450	1,084,835	385	97.52	96.89
Meezan Rozana Amdani Fund	6,081,739	52,156,846	58,238,585	-	-	-	-	-	-
					1,120,165	**1,119,695**	**(470)**	**100.65**	**100.00**
Meezan Capital Preservation Plan - V									
Meezan Dedicated Equity Fund	3,081,261	1,989,241	5,070,502	-	-	-	-	-	-
Meezan Cash Fund	-	14,518,639	14,518,639	-	-	-	-	-	-
Meezan Sovereign Fund	5,140,343	8,619,038	9,535,589	4,223,792	217,649	217,726	77	100.63	100.00
Meezan Rozana Amdani Fund	2,000,572	12,706,040	14,706,612	-	-	-	-	-	-
					217,649	**217,726**	**77**	**100.63**	**100.00**
Meezan Capital Preservation Plan - VI									
Meezan Dedicated Equity Fund	2,745,310	1,458,405	4,203,715	-	-	-	-	-	-
Meezan Cash Fund	-	9,715,078	9,715,078	-	-	-	-	-	-
Meezan Sovereign Fund	4,162,470	7,918,847	7,945,024	4,136,293	213,140	213,216	76	99.88	100.00
Meezan Rozana Amdani Fund	1,420,406	8,126,875	9,547,281	-	-	-	-	-	-
					213,140	**213,216**	**76**	**99.88**	**100.00**
Meezan Capital Preservation Plan - VII									
Meezan Dedicated Equity Fund	1,477,397	1,197,147	2,674,544	-	-	-	-	-	-
Meezan Cash Fund	-	5,533,525	5,533,525	-	-	-	-	-	-
Meezan Sovereign Fund	2,218,732	5,082,410	4,641,152	2,659,990	137,067	137,116	49	101.11	100.00
Meezan Rozana Amdani Fund	760,217	4,578,896	5,339,113	-	-	-	-	-	-
					137,067	**137,116**	**49**	**101.11**	**100.00**
Meezan Capital Preservation Plan - VIII									
Meezan Dedicated Equity Fund	518,566	2,929,551	3,448,117	-	-	-	-	-	-
Meezan Cash Fund	-	5,286,147	5,286,147	-	-	-	-	-	-
Meezan Sovereign Fund	1,692,281	2,398,196	2,852,234	1,238,243	63,806	63,829	23	99.93	100.00
Meezan Rozana Amdani Fund	460,132	5,737,533	6,197,665	-	-	-	-	-	-
					63,806	**63,829**	**23**	**99.93**	**100.00**
Total investments in units of mutual funds (2020)									
Meezan Dedicated Equity Fund	17,866,726	18,897,576	35,756,904	1,007,398	35,715	34,860	(855)	2	1.99
Meezan Cash Fund	-	95,183,783	95,183,783	-	-	-	-	-	-
Meezan Sovereign Fund	30,846,884	64,614,149	62,157,423	33,303,610	1,716,112	1,716,722	610	98.57	98.01
Meezan Rozana Amdani Fund	10,723,066	83,306,190	94,029,256	-	-	-	-	-	-
Total as at June 30, 2020					**1,751,827**	**1,751,582**	**(245)**	**100.57**	**100.00**
Total as at June 30, 2019					**2,826,740**	**2,758,835**	**(67,905)**	**100.35**	**100.00**

7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED

	Note	June 30, 2020					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		(Rupees in '000)					
Management fee payable	7.1	2	-	1	1	11	15
Sindh Sales Tax on management fee payable	7.2	1	-	-	-	2	3
Allocated Expenses	15	92	18	18	11	5	144
		95	**18**	**19**	**12**	**18**	**162**

		June 30, 2019					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		(Rupees in '000)					
Management fee payable	7.1	5	1	5	3	12	26
Sindh Sales Tax on management fee payable	7.2	1	-	1	-	2	- 4
Allocated Expenses	15	131	43	39	17	11	241
		137	**44**	**45**	**20**	**25**	**271**

7.1 As per regulation 61 of the NBFC Regulations 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2019: 1%) per annum of the daily bank balance of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs 0.012 million (2019: Rs 0.057 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.013 million (2019: Rs 0.065 million) has been paid to the Management Company which acts as a collecting agent.

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

	Note	June 30, 2020					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		(Rupees in '000)					
Trustee fee payable	8.1	64	13	12	8	3	100
Sindh Sales Tax payable on trustee fee	8.2	8	2	2	1	1	14
		72	**15**	**14**	**9**	**4**	**114**

		June 30, 2019					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
		(Rupees in '000)					
Trustee fee payable	8.1	109	36	32	15	9	201
Sindh Sales Tax payable on trustee fee	8.2	14	4	4	2	1	25
		123	**40**	**36**	**17**	**10**	**226**

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed. Effective from July 1, 2019, the Trustee has revised its remuneration as under:

Net Assets (Rs.)	Preivous Tariff	Revised Tariff
Upto 1 billion	0.10% of Net Assets	0.070% per annum of Net Assets
Above 1 billion	Rs. 1 million plus 0.075% p.a. of Net Assets exceeding Rs 1 billion	

Accordingly, the Fund has charged Trustee Fee at the rate of 0.07% per annum during the current period.

8.2 During the current year, an amount of Rs 0.198 million (2019: Rs 0.354 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.210 million (2019 : Rs. 2.719 million) was paid to the Trustee which acts as a collecting agent.

9 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to fund of funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

		June 30, 2020					
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
	Note	(Rupees in '000)					
Auditors' remuneration payable		188	43	39	23	12	305
Withholding tax payable		4,514	922	27	294	73	5,830
Shariah advisory fee payable		101	18	16	10	5	150
Printing charges payable		212	9	8	-	2	231
Provision for Sindh Workers' Welfare Fund	10.1	1,046	367	142	58	59	1,672
Capital gain tax payable		9	18	1	1	-	29
Other payable		-	-	-	-	-	-
Zakat Payable		-	-	48	-	-	48
		6,070	1,377	281	386	151	8,265

	June 30, 2019					
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
	(Rupees in '000)					
Auditors' remuneration payable	115	40	29	12	4	200
Shariah advisor fee payable	15	-	-	-	-	15
Sales load payable	88	24	22	11	5	150
Sindh Sales tax payable on sales load	213	9	7	-	1	230
Printing charges payable						
Zakat payable	310	60	-	-	-	370
Provision for Sindh Workers' Welfare Fund 10.1	2	5	1	-	-	8
	-	-	-	-	10	10
Other payable	2	15	6	-	-	23
	745	153	65	23	20	1,006

10.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of MCPP-IV, MCPP-V, MCPP-VI, MCPP-VII, MCPP-VIII as at June 30, 2020 would have been higher by Re. 0.05, Re. 0.09, Re. 0.03, Re.0.02 and Re 0.05 per unit respectively (2019: Re 0.010 and Re. 0.006 per unit respectively).

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

12 AUDITORS' REMUNERATION

	June 30, 2020					
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
	(Rupees in '000)					
Annual audit fee	261	69	60	36	19	445
Half yearly review fee	69	19	16	9	5	118
	330	88	76	45	24	563

	June 30, 2019					
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
	(Rupees in '000)					
Annual audit fee	116	40	29	12	4	201
Half yearly review fee	68	24	16	7	-	115
	184	64	45	19	4	316

13 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in Finance Act, 2015 is also not applicable on Funds as per Income Tax Ordinance, 2001.

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2020 are;

	June 30, 2020				
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII
Total Expense ratio (including government levies)	0.31%	0.36%	0.31%	0.29%	0.35%
Government levies	0.09%	0.12%	0.08%	0.06%	0.10%

	June 30, 2019				
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII
Total Expense ratio (including government levies)	0.33%	0.33%	0.33%	0.27%	0.24%
Government levies	0.12%	0.12%	0.11%	0.08%	0.06%

This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Fund Scheme.

15 ALLOCATED EXPENSES

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the Fund for allocation of such expenses to the Fund for the year ended June 30, 2020

16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

16.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and executives of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

16.2 Transactions with connected persons 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.

16.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

16.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

16.5 Detail of transactions with connected persons and balances with them are as follows:

	June 30, 2020					
Balances	**MCPP-IV**	**MCPP-V**	**MCPP-VI**	**MCPP-VII**	**MCPP-VIII**	**Total**
Al Meezan Investment Management Limited - Management Company						
Remuneration payable (Rs in '000)	2	-	1	1	11	15
Sindh Sales Tax on management fee (Rs in '000)	1	-	-	-	2	3
Allocated expenses (Rs in '000)	92	18	18	11	5	144
Meezan Bank Limited						
Bank balance (Rs in '000)	1,356	2,289	692	175	339	4,851
Profit receivable (Rs in '000)	3	2	4	1	2	12
Central Depository Company of Pakistan Limited - Trustee						
Trustee fee payable (Rs. in '000)	64	13	12	8	3	100
Sindh Sales Tax on trustee fee payable (Rs. in '000)	8	2	2	1	1	14
Directors and Executives of the Management Company						
Investment (Rs in '000)	5,092	-	-	-	-	5,092
Investment (Units)	102,501	-	-	-	-	102,501
Meezan Dedicated Equity Fund						
Investment (Rs in '000)	34,860	-	-	-	-	34,860
Investment (Units)	1,007,398	-	-	-	-	1,007,398
Meezan Sovereign Fund						
Investment (Rs in '000)	1,084,835	217,726	213,216	137,116	63,829	1,716,722
Investment (Units)	21,045,293	4,223,792	4,136,293	2,659,990	1,238,243	33,303,611
Unitholders holding 10% or more units of the Fund						
Investment (Rs in '000)	167,703	-	24,728	48,575	-	241,007
Investment (Units)	3,376,099	-	493,254	987,119	-	4,856,472

	June 30, 2019					
Balances	**MCPP-IV**	**MCPP-V**	**MCPP-VI**	**MCPP-VII**	**MCPP-VIII**	**Total**
Al Meezan Investment Management Limited						
Remuneration payable (Rs in '000)	5	1	5	3	12	26
Sindh Sales Tax on management fee payable (Rs in '000)	1	-	1	-	2	4
Allocated expenses (Rs in '000)	131	43	39	17	11	241
Meezan Bank Limited						
Bank balance (Rs in '000)	1,876	908	1,845	2,960	2,286	9,875
Profit receivable (Rs in '000)	52	5	21	12	7	97

	June 30, 2019					
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
Central Depository Company of Pakistan Limited						
Trustee fee payable (Rs in '000)	109	36	32	15	9	201
Sindh Sales Tax on trustee fee payable (Rs in '000)	14	4	4	2	1	25
Directors and Executives of the Management Company						
Investment (Rs in '000)	5,001	-	-	-	-	5,001
Investment (Units)	99,772	-	-	-	-	99,772
Meezan Dedicated Equity Fund						
Investment (Rs in '000)	356,705	109,427	97,496	52,468	18,416	634,512
Investment (Units)	10,044,192	3,081,261	2,745,310	1,477,397	518,566	17,866,726
Meezan Sovereign Fund						
Investment (Rs in '000)	907,849	264,653	214,307	114,233	87,128	1,588,170
Investment (Units)	17,633,059	5,140,343	4,162,470	2,218,732	1,692,281	30,846,885
Meezan Rozana Amdani Fund						
Investment (Rs in '000)	304,087	100,029	71,020	38,010	23,007	536,153
Investment (Units)	6,081,739	2,000,572	1,420,406	760,217	460,132	10,723,066
Unitholders holding 10% or more units of the Fund						
Investment (Rs in '000)	163,938	-	-	29,598	-	193,536
Investment (Units)	3,270,818	-	-	591,506	-	3,862,324

	For the year ended June 30, 2020					
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
Transactions during the year	---------- (Rupees in '000) ----------					
Al Meezan Investment Management Limited - Management Company						
Remuneration for the year (Rs in '000)	19	11	18	12	29	89
Sindh Sales Tax on management fee (Rs in '000)	3	1	2	2	4	12
Allocated expenses (Rs in '000)	1,307	326	283	166	91	2,173
Meezan Bank Limited						
Profit on saving account (Rs in '000)	314	170	223	85	306	1,098
Central Depository Company of Pakistan Limited - Trustee						
Trustee Fee for the year	916	228	198	116	64	1,522
Sindh Sales Tax on trustee fee (Rs in '000)	119	30	26	15	8	198
Meezan Dedicated Equity Fund						
Invested during the year (Rs. in '000)	438,970	76,882	58,200	47,000	103,750	724,802
Invested during the year (Units)	11,323,232	1,989,241	1,458,405	1,197,147	2,929,551	18,897,576
Redeemed during the year (Rs. in '000)	688,423	174,575	139,351	89,075	117,124	1,208,548
Redeemed during the year (Units)	20,360,026	5,070,502	4,203,715	2,674,544	3,448,117	35,756,904
Meezan Cash Fund						
Invested during the year (Rs. in '000)	3,195,300	766,228	510,222	291,943	273,487	5,037,180
Invested during the year (Units)	60,130,394	14,518,639	9,715,078	5,533,525	5,286,147	95,183,783
Redeemed during the year (Rs. in '000)	3,215,119	770,234	512,660	293,228	274,147	5,065,388
Redeemed during the year (Units)	60,130,394	14,518,639	9,715,078	5,533,525	5,286,147	95,183,783
Meezan Sovereign Fund						
Invested during the year (Rs. in '000)	2,301,132	488,568	448,851	288,077	135,933	3,662,562
Invested during the year (Units)	40,595,658	8,619,038	7,918,847	5,082,410	2,398,196	64,614,149
Redeemed during the year (Rs. in '000)	2,027,369	515,374	430,908	252,929	153,493	3,380,073
Redeemed during the year (Units)	37,183,424	9,535,589	7,945,024	4,641,152	2,852,234	62,157,423
Dividend received during the year (Rs. in '000)	588	121	116	74	35	934
Dividend received during the year (Units)	11,412	2,344	2,246	1,443	681	18,125
Refund of capital during the year (Rs. in '000)	107,522	22,083	21,157	13,595	6,413	170,770
Refund of capital during the year (Units)	2,086,583	428,555	410,589	263,835	124,444	3,314,006

Transactions during the period	For the year / period ended June 30, 2019					
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	Total
	For the year ended June 30, 2019		For the period from July 10, 2018 to June 30, 2019	For the period from September 26, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019	
	---------- (Rupees in '000) ----------					
Meezan Rozana Amdani Fund						
Invested during the year (Rs. in '000)	2,607,842	635,302	406,344	228,945	286,877	4,165,309
Invested during the year (Units)	52,156,846	12,706,040	8,126,875	4,578,896	5,737,533	83,306,190
Redeemed during the year (Rs. in '000)	2,911,929	735,331	477,364	266,956	309,883	4,701,463
Redeemed during the year (Units)	58,238,585	14,706,612	9,547,281	5,339,113	6,197,665	94,029,256
Dividend received during the year (Rs. in '000)	81,101	21,695	19,336	10,928	6,581	139,641
Dividend received during the year (Units)	1,622,012	433,908	386,712	218,569	131,628	2,792,830
Refund of capital during the year (Rs. in '000)	81,101	21,695	19,336	10,928	6,581	139,641
Refund of capital during the year (Units)	1,622,012	433,908	386,712	218,569	131,628	2,792,830
Al Meezan Investment Management Limited - Management Company						
Remuneration for the year / period (Rs in '000)	96	79	138	71	56	440
Sindh Sales Tax on management fee (Rs in '000)	13	10	18	9	7	57
Allocated expenses (Rs in '000)	1,898	659	492	185	59	3,293
Meezan Bank Limited						
Profit on saving account (Rs in '000)	400	260	391	614	241	1,906
Central Depository Company of Pakistan Limited - Trustee						
Sindh Sales Tax on trustee fee (Rs in '000)	204	71	53	20	6	354
Trustee Fee for the year / period	1,568	545	405	152	49	2,719
Meezan Dedicated Equity Fund						
Invested during the year / period (Rs. in '000)	1,824,019	575,586	434,500	230,900	113,000	3,178,005
Invested during the year / period (Units)	33,787,207	10,794,498	9,942,055	5,339,238	2,825,733	62,688,731
Redeemed during the year / period (Rs. in '000)	1,708,242	534,259	305,924	164,842	87,232	2,800,499
Redeemed during the year / period (Units)	30,746,259	9,835,022	7,196,745	3,861,841	2,307,167	53,947,034
Meezan Cash Fund						
Invested during the year / period (Rs. in '000)	3,136,590	1,104,214	896,940	524,917	223,062	5,885,723
Invested during the year / period (Units)	26,242,105	11,674,476	17,489,369	10,117,433	4,224,783	69,748,165
Redeemed during the year / period (Rs. in '000)	4,960,273	1,626,087	926,277	535,927	226,382	8,274,946
Redeemed during the year / period (Units)	60,131,583	21,269,666	17,489,369	10,117,433	4,224,783	113,232,833
Dividend received during the year / period (Rs. in '000)	13,834	1,360	-	-	-	15,194
Dividend received during the year / period (Units)	274,308	26,959	-	-	-	301,267
Refund of capital during the year / period (Rs. in '000)	59,534	19,413	-	-	-	78,947
Refund of capital during the year / period (Units)	1,180,484	384,939	-	-	-	1,565,423
Meezan Sovereign Fund						
Invested during the year / period (Rs. in '000)	1,280,833	417,798	374,904	159,575	125,383	2,358,492
Invested during the year / period (Units)	23,423,819	7,638,157	6,852,698	2,919,954	2,291,535	43,126,163
Redeemed during the year / period (Rs. in '000)	318,930	137,570	148,110	38,620	33,000	676,230
Redeemed during the year / period (Units)	5,790,760	2,497,814	2,690,229	701,222	599,254	12,279,279
Dividend received during the year / period (Rs. in '000)	1,899	554	449	239	145	3,285
Dividend received during the year / period (Units)	36,878	10,761	8,714	4,645	2,811	63,808
Refund of capital during the year / period (Rs. in '000)	57,295	16,702	13,525	7,209	5,536	100,266
Refund of capital during the year / period (Units)	1,112,830	324,398	262,686	140,021	107,529	1,947,463
Meezan Rozana Amdani Fund						
Invested during the year / period (Rs. in '000)	304,087	100,057	71,041	38,022	23,007	536,213
Invested during the year / period (Units)	6,081,739	2,000,572	1,420,406	760,217	460,132	10,723,066
Dividend received during the year / period (Rs. in '000)	87	29	20	11	7	153
Dividend received during the year / period (Units)	1,739	572	406	217	132	3,066
Meezan Islamic Income Fund						
Invested during the year / period (Rs. in '000)	-	6,100	-	-	-	6,100
Invested during the year / period (Units)	-	112,077	-	-	-	112,077
Redeemed during the year / period (Rs. in '000)	-	6,106	-	-	-	6,106
Redeemed during the year / period (Units)	-	112,077	-	-	-	112,077

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Balances with banks	4,871	-	4,871
Investments	-	1,751,582	1,751,582
Receivable against sale of investments	4,410	-	4,410
Advances, deposits and other receivables	12	-	12
	9,293	1,751,582	1,760,875

	2020		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	162	-	162
Payable to Central Depository Company of Pakistan Limited - Trustee	114	-	114
Payable against redemption and conversion of units	6,219	-	6,219
Dividend payable	4,217	-	4,217
Accrued expenses and other liabilities	686	-	686
	11,398	-	11,398

	2019		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Balances with banks	9,875	-	9,875
Investments	-	2,758,835	2,758,835
Profit accrued on balances with banks	97	-	97
	9,972	2,758,835	2,768,807

	2019		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	271	-	271
Payable to Central Depository Company of Pakistan Limited - Trustee	226	-	226
Payable against purchase of investments	287	-	287
Payable against redemption and conversion of units	14,772	-	14,772
Accrued expenses and other liabilities	590	-	590
	16,146	-	16,146

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

18.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

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, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 0.049 million (2019: Rs 0.099 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, 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, 2020 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, 2020 can be determined as follows:

	As at June 30, 2020					
		Exposed to yield / profit rate risk				
	Effective yield / profit rate	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / profit rate risk	Total
		---------- Rupees in '000 ----------				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	3.00% to 3.40%	4,871	-	-	-	4,871
Investments		-	-	-	1,751,582	1,751,582
Receivable against sale of investments - net		-	-	-	4,410	4,410
Advances, deposits and other receivables		-	-	-	12	12
		4,871	-	-	1,756,004	1,760,875
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	162	162
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	114	114
Payable on redemption and conversion of units		-	-	-	6,219	6,219
Dividend payable		-	-	-	4,217	4,217
Accrued expenses and other liabilities		-	-	-	686	686
		-	-	-	11,398	11,398
On-balance sheet gap		4,871	-	-	1,744,606	1,749,477
Off-balance sheet financial instruments						
Off-balance sheet gap		-	-	-	-	-
Total profit rate sensitivity gap		4,871	-	-	-	
Cumulative profit rate sensitivity gap		4,871	-	-	-	

	Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
		As at June 30, 2019				
		---------- Rupees in '000 ----------				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	5.00% to 11.85%	9,875	-	-	-	9,875
Investments		-	-	-	2,758,835	2,758,835
Profit accrued on balances with banks		-	-	-	97	97
		9,875	-	-	2,758,932	2,768,807
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	271	271
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	226	226
Payable against purchase of investments		-	-	-	287	287
Payable on redemption and conversion of units		-	-	-	14,772	14,772
Accrued expenses and other liabilities		-	-	-	590	590
		-	-	-	16,146	16,146
On-balance sheet gap		9,875	-	-	2,742,786	2,752,661
Off-balance sheet financial instruments						
Off-balance sheet gap		-	-	-	-	-
Total profit rate sensitivity gap		9,875				
Cumulative profit rate sensitivity gap		9,875				

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 has exposure to equity price risk arising from the Fund investments in open end mutual funds. The Fund manages its price risk arising from investments by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 1% increase / decrease in equity prices as at June 30, 2020 with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 17.516 million (2019: Rs. 27.588 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

18.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year for any of the sub-funds.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

	2020					
	Within 1 month	More than one month and upto three months	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000					
Financial assets						
Balances with banks	4,871	-	-	-	-	4,871
Investments	-	-	-	-	1,751,582	1,751,582
Receivable against sale of investments - net	4,410	-	-	-	-	4,410
Advances, deposits and other receivables	12	-	-	-	-	12
	9,293	-	-	-	1,751,582	1,760,875
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	162	-	-	-	-	162
Payable to Central Depository Company of Pakistan Limited - Trustee	114	-	-	-	-	114
Payable against redemption and conversion of units	6,219	-	-	-	-	6,219
Dividend payable	4,217	-	-	-	-	4,217
Accrued expenses and other liabilities	-	686	-	-		686
	10,712	686	-	-	-	11,398
Net assets / (liabilities)	(1,419)	(686)	-	-	1,751,582	1,749,477

	2019					
	Within 1 month	More than one month and upto three months	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000					
Financial assets						
Balances with banks	9,875	-	-	-	-	9,875
Investments	-	-	-	-	2,758,835	2,758,835
Profit accrued on balances with banks	97	-	-	-	-	97
	9,972	-	-	-	2,758,835	2,768,807
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	271	-	-	-	-	271
Payable to Central Depository Company of Pakistan Limited - Trustee	226	-	-	-	-	226
Payable to Meezan Bank Limited	-	-	-	-	-	-
Payable against purchase of investments	287	-	-	-	-	287
Payable against redemption and conversion of units	14,772	-	-	-	-	14,772
Accrued expenses and other liabilities	-	590	-	-		590
	15,556	590	-	-	-	16,146
Net assets / (liabilities)	(5,584)	(590)	-	-	2,758,835	2,752,661

18.3 Credit risk

18.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	---------- Rupees in '000 ----------		---------- Rupees in '000 ----------	
Balances with banks	4,871	4,871	9,875	9,875
Investments	1,751,582	-	2,758,835	-
Receivable against sale of investments - net	4,410	4,410	-	-
Advances, deposits and other receivables	12	12	97	97
	1,760,875	**9,293**	**2,768,807**	**9,972**

18.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon, dividend receivable and receivable against sale of units and against investments. The credit rating profile of balances with banks is as follows:

	Amount of financial assets exposed to credit risk		% of financial assets exposed to credit risk	
Bank	**2020**	**2019**	**2020**	**2019**
AA+	4,871	9,875	100.00%	100.00%
	4,871	**9,875**	**100.00%**	**100.00%**

19 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	---------- Rupees in '000 ----------			---------- Rupees in '000 ----------		
Financial assets						
At fair value through profit or loss	-	1,751,582	-	-	2,758,835	-
	-	1,751,582	-	-	2,758,835	-

20 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21 UNIT HOLDING PATTERN OF THE FUND

	MCPP IV 2020			MCPP IV 2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	613	612,725	55.08	986	1,006,281	64.79
Director	1	5,092	0.46	1	5,001	0.32
Retirement funds	27	424,370	38.15	34	482,642	31.08
Others	8	70,198	6.31	6	59,125	3.81
Total	649	1,112,385	100.00	1,027	1,553,048	100.00

	MCPP V 2020			MCPP V 2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	303	190,355	87.98	507	411,953	86.93
Director	-	-	-	-	-	-
Retirement funds	5	17,194	7.95	7	41,068	8.67
Others	5	8,814	4.07	2	20,887	4.41
Total	313	216,363	100.00	516	473,907	100.00

	MCPP VI 2020			MCPP VI 2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	416	168,731	79.04	602	314,487	81.89
Director	-		-	-	-	-
Retirement funds	4	43,351	20.31	6	67,556	17.59
Others	3	1,398	0.65	1	1,982	0.52
Total	423	213,480	100.00	609	384,026	100.00

	MCPP VII 2020			MCPP VII 2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	353	133,768	98.65	488	202,384	97.58
Director	-	-	-	-	-	-
Retirement funds	1	1,826	1.35	2	5,028	2.42
Others	2	10	-	-	-	-
Total	356	135,604	100.00	490	207,412	100.00

	MCPP VIII 2020			MCPP VIII 2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	335	58,574	91.71	455	120,381	92.09
Director	-	-	-	-	-	-
Retirement funds	1	4,916	7.70	2	8,503	6.50
Others	1	381	0.60	2	1,840	1.41
Total	337	63,871	100.00	459	130,724	100.00

22 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Details of members of investment committee of the Fund are as follows:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM /MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Nine years

22.1 The Fund manager of the Fund is Mr. Asif Imtiaz. Other funds being managed by the Fund manager are as follows :

- Meezan Balanced Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- KSE Meezan Index Fund
- Meezan Strategic Allocation Fund-III; and
- Meezan Dedicated Equity Fund

23 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on				
		August 19, 2019	October 15, 2019	February 10, 2020	April 15, 2020	June 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

24 CORRESPONDING FIGURES

Corresponding figures have been reclassified and rearranged in these financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these financial statements during the current year.

25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

26 GENERAL

26.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

26.2 Operational Risk Management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

26.3 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

Meezan
Strategic Allocation Fund-III

Meezan Strategic Allocation Fund III (MSAF III)

Meezan Strategic Allocation Fund-III is a Shariah compliant scheme which aims to earn potentially high returns through investment as per respective Allocation Plans by investing in Shariah Compliant Fixed Income/Money Market Collective Investment Schemes and Equity based Collective Investment Schemes.

HIGHEST
website traffic
IN THE INDUSTRY

FUND INFORMATION

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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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

AUDITORS
A. F. Ferguson & Co.
Chartered Accountants
State Life Building# 1-C, I.I. Chundrigar Road , Karachi-74000

SHARIAH ADVISER
Meezan Bank Limited

BANKERS TO THE FUND
Bank Al Habib Limited - Islamic Banking
Dubai Islamic Bank Pakistan Limited
Meezan Bank Limited

LEGAL ADVISER
Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (9221) 35156191-94 Fax: (9221) 35156195
E-mail:

TRANSFER AGENT
Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS
Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER
Meezan Strategic Allocation Fund – III (MSAF – III)

Type of Fund

MSAF – III is a perpetual Shariah Compliant (Islamic) Fund of Funds Scheme.

Objective

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

Strategy and Investment Policy

MSAF – III has one Allocation Plans which allow investors to invest according to their risk tolerance levels.

These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a weighted average combination of KSE Meezan Index 30 and Fixed Income/Money Market Schemes performance, according to the invested percentages in both the asset classes.

Meezan Strategic Allocation Plan – III (MCPP IX)	**Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual Allocation.**

Performance Table with Benchmark

	Returns - FY20
MCPP IX	5.45%
Benchmark	-1.17%

The Meezan Capital Preservation Plan – IX posted total gain of Rs. 5.77 million FY 20. Total gain comprised of realized loss on investments of Rs. 1.611 million while the unrealized gain on investments of Rs. 0.98 million. Dividend income and profit on saving account with banks amounted to Rs. 6.16 million and Rs. 0.24 million respectively. After accounting for expenses of Rs. 0.78 million, the Fund posted a net income of Rs. 5 million. The net assets of the Plan as at June 30, 2020 were Rs. 89 million. The net asset value per unit as at June 30, 2020 was Rs. 48.60

Distributions

The interim Pay out by the Plan during the fiscal year ended June 30, 2020 was Rs. 2.25 per unit (4.50%). Total distribution made by the fund was Rs. 4 million.

Breakdown of unit holdings by size

(As on June 30, 2020)

Range (Units)	MSAF- III– MCPP-IX
	No. of investors
1 - 9,999	194
10,000 - 49,999	8
50,000 - 99,999	1
100,000 - 499,999	0
500,000 and above	1
Total	**204**

PERFORMANCE TABLE

	June 30, 2020	June 30, 2019
Net assets (Rs. '000) (ex-distribution)	**88,995**	33,930
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	**48.5984**	48.2374
Offer price per unit as at June 30 (Rs.)	**-**	49.8726
Distribution (%)		
Interim		
-First quarter	**-**	**-**
-Second quarter	**-**	**-**
-Third quarter	**-**	**-**
-Fourth quarter	**4.50%**	**-**
Annual	**-**	**-**
Dates of distribution (interim)		
- First quarter	**-**	**-**
- Second quarter	**-**	**-**
- Third quarter	**-**	**-**
- Fourth quarter	**30-Jun-20**	**-**
Annual	**-**	**-**
Income distribution (Rs. in '000)	**3,959**	-
Highest offer price per unit (Rs.)	**50.1602**	51.7103
Lowest offer price per unit (Rs.)	**49.7876**	49.7845
Highest redemption price per unit (Rs.)	**54.8414**	50.0148
Lowest redemption price per unit (Rs.)	**46.5731**	48.1522
Total return (%)	**5.45%**	-3.55%
Weighted Average Portfolio Duration (years)		

	One Year	Two Year
Average annual return (%) as at June 30, 2020	**5.45%**	0.85%

Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor– Meezan Strategic Allocation Fund-III

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Second year of operations of Meezan Strategic Allocation Fund-III (MSAF-III) under management of Al Meezan Investment Management Limited (Al Meezan). The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, I have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

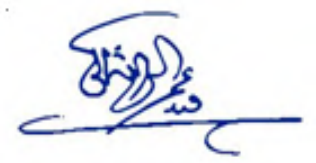
In light of the above, I hereby certify that:

i. I have reviewed and approved the modes of investments of MSAF-III in light of the *Shari'ah* guidelines.

ii. All the provisions of the scheme and investments made on account of MSAF-III by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.

iii. On the basis of information provided by the management, all the operation of MSAF-III for the year ended June 30, 2020 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.



Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shariah Advisor

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN STRATEGIC ALLOCATION FUND – III

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Strategic Allocation Fund – III (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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 24, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Strategic Allocation Fund III

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Strategic Allocation Fund - III (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer note 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 89.54 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: ▪ Tested the design and operating effectiveness of the key controls for valuation of investments; ▪ Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

Chartered Accountants

Karachi

Date: September 22, 2020

MEEZAN STRATEGIC ALLOCATION FUND - III
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019
		MCPP-IX	
		(Rupees in '000)	
Assets			
Balances with banks	5	447	15,908
Investments	6	89,540	18,944
Profit accrued on balances with banks		2	26
Total assets		89,989	34,878
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	7	7	866
Payable to Central Depository Company of Pakistan Limited - Trustee	8	6	1
Payable to Securities and Exchange Commission of Pakistan	9	18	1
Accrued expenses and other liabilities	10	963	80
Total liabilities		994	948
NET ASSETS		88,995	33,930
CONTINGENCIES AND COMMITMENTS	11		
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		88,995	33,930
		(Number of units)	
NUMBER OF UNITS IN ISSUE		1,831,230	703,396
		(Rupees)	
NET ASSET VALUE PER UNIT		48.5984	48.2374

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND - III
STATEMENT OF INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2020	For the period from May 20, 2019 to June 30,
		MCPP-IX	
		(Rupees in '000)	
Income			
Dividend income		6,159	-
Loss on sale of investments		(1,611)	(45)
Profit on balance with banks		240	32
		4,788	(13)
Net unrealised appreciation / (diminution) on re-measurement of investments - 'at fair value through profit or loss'	6.1	988	(211)
Total income / (loss)		5,776	(224)
Expenses			
Remuneration to Al Meezan Investment Management Limited - Management Company	7.1	26	4
Sindh Sales Tax on remuneration to Management Company	7.2	3	1
Allocated expenses	14	92	1
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	65	1
Sindh Sales Tax on remuneration of the Trustee	8.2	8	-
Annual fee to Securities and Exchange Commission of Pakistan		18	1
Auditors' remuneration	12	92	50
Fees and subscription		368	30
Bank and settlement charges		7	4
Provision for Sindh Workers' Welfare Fund		102	-
Total expenses		781	92
Net income / (loss) for the year / period before taxation		4,995	(316)
Taxation	15	-	-
Net income / (loss) for the year / period after taxation		4,995	(316)
Allocation of net income for the year / period			
Net income for the year / period after taxation		4,995	-
Income already paid on units redeemed		(48)	-
		4,947	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		4,947	-
		4,947	-

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND - III
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	For the year ended June 30, 2020	For the period from May 20, 2019 to June 30,
	MCPP-IX	
	(Rupees in '000)	
Net income / (loss) for the year / period after taxation	4,995	(316)
Other comprehensive income for the year / period	-	-
Total comprehensive income / (loss) for the year / period	4,995	(316)

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

MEEZAN STRATEGIC ALLOCATION FUND - III
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	For the year ended June 30, 2020			For the period from May 20, 2019 to June 30, 2019		
	MCPP-IX					
	Capital Value	(Accumulated loss) / Undistributed income	Total	Capital Value	Accumulated loss	Total
	---------- (Rupees in '000) ----------					
Net assets at the beginning of the year / period	34,246	(316)	33,930	-	-	-
Issuance of units:						
Issuance of 1,883,988 units (2019 : 703,739 units)						
- Capital value (at net asset value per unit at the beginning of the year / period)	90,879	-	90,879	35,187	-	35,187
- Element of income / (loss)	306	-	306	(925)	-	(925)
Total proceeds on issuance of units	91,185	-	91,185	34,262	-	34,262
Redemption of units:						
Redemption of 756,154 units (2019: 343 units)						
- Capital value (at net asset value per unit at the beginning of the year / period)	36,475	-	36,475	17	-	17
- Element of loss / (income)	633	48	681	(1)	-	(1)
Total payments on redemption of units	37,108	48	37,156	16	-	16
Total comprehensive income / (loss) for the year / period	-	4,995	4,995	-	(316)	(316)
Distribution during the year / period	-	(3,959)	(3,959)	-	-	-
Net assets at the end of the year / period	88,323	672	88,995	34,246	(316)	33,930
Accumulated loss brought forward						
- Realised loss		(105)			-	
- Unrealised loss		(211)			-	
		(316)			-	
Accounting income available for distribution (after adjusting income already paid on units redeemed)						
- Relating to capital gains		-			-	
- Excluding capital gains		4,947			-	
		4,947			-	
Net loss for the year / period after taxation		-			(316)	
Interim distribution during the year at Rs. 2.2453 per unit i.e. 4.50% of the par value of Rs. 50 each (June 30, 2020)		(3,959)			-	
Undistributed income / (accumulated loss) carried forward		672			(316)	
Undistributed income / (accumulated loss) carried forward						
- Realised loss		(316)			(105)	
- Unrealised income / (loss)		988			(211)	
		672			(316)	
			Rupees			**Rupees**
Net asset value per unit as at the beginning of the year / period			48.2374			-
Net asset value per unit as at the end of the year / period			48.5984			48.2374

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN STRATEGIC ALLOCATION FUND - III
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	For the year ended June 30, 2020	For the period from May 20, 2019 to June 30,
		MCPP-IX	
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year / period before taxation		4,995	(316)
Net unrealised appreciation / (diminution) on re-measurement of investments 'at fair value through profit or loss'	6.1	(988)	211
		4,007	(105)
Increase in assets			
Investments - net		(69,608)	(19,155)
Profit accrued on balances with banks		24	(26)
		(69,584)	(19,181)
Increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(859)	866
Payable to Central Depository Company of Pakistan Limited - Trustee		5	1
Payable to Securities and Exchange Commission of Pakistan		17	1
Accrued expenses and other liabilities		883	80
		46	948
Net cash used in operating activities		(65,531)	(18,338)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		91,185	34,262
Payments against redemption and conversion of units		(37,156)	(16)
Dividend paid		(3,959)	-
Net cash generated from financing activities		50,070	34,246
Net (decrease) / increase in cash and cash equivalents		(15,461)	15,908
Cash and cash equivalents at the beginning of the year / period		15,908	-
Cash and cash equivalents at the end of the year / period	5	447	15,908

The annexed notes 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

MEEZAN STRATEGIC ALLOCATION FUND - III
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Strategic Allocation Fund - III (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on January 24, 2019 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules). The Fund is registered as a Notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations) issued through S.R.O.1203(I)/2008 on October 10, 2016. The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

1.2 The Fund has been formed to enable the unitholders to participate in a diversified portfolio of equity schemes and fixed income / money market schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.3 The Fund is an open-end Shariah compliant Fund of Funds Scheme. Units are offered for public subscription on a continuous basis till the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

1.4 Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund. The Fund's property comprises of different types of allocation plans which are accounted for and maintained separately in the books of accounts and collectively constitute the Fund's property.

1.5 The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2019 (2019: AM1 dated December 28, 2018) and by PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.6 The fund generates returns on investment as per allocation plan (sub fund) namely Meezan Capital Preservation Plan-IX (MCPP-IX) by investing in Shariah compliant fixed income / money market and equity mutual funds in line with the risk tolerance of the investor. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP.

1.7 A brief description of the plan is as follows:

Meezan Capital Preservation Plan-IX (MCPP-IX)	Low risk - High return through asset allocation This allocation plan commenced its operations from May 14, 2019 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following standards have been adopted in Pakistan and would be effective from the dates mentioned below against the respective standards:

Amendments	Effective date (accounting periods beginning on or after)
- 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, 2020 but are considered not to be relevant or will not have any significant impact on the Fund's operations and are, therefore, not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which is measured at fair value.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial instruments

4.3.1 Classification

4.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity

The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

4.3.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss'

Basis of valuation in the collective investment scheme

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

4.3.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recoginses loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.3.3.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

4.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

4.3.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

4.8 Unitholders' Fund

Unitholders' Fund of each allocation plan representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

4.9 Issue and redemption of units

Units issued are recorded at the offer price of each allocation plan, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price of each allocation plan represents the net assets value of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the net assets value per unit as of close of business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.10 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.11 Element of income

Element of income represents the difference between net assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (NAV) per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' Fund. However, to maintain the same ex-dividend net asset value (NAV) of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.12 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the commencement of date of book closure of the investee fund declaring the dividend.
- Profit on balances with banks is recognized on a time proportion basis using the effective yield method.

4.13 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I to the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV to the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

4.15 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

4.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

		Note	2020	2019
			MCPP-IX	
5	**BALANCES WITH BANKS**		Rupees in '000	
	Saving accounts	5.1	447	15,908

5.1 The balances in savings accounts have an expected profit which ranges from 3.00% to 7.50% per annum. (June 30, 2019: 6.30% to 11.85% per annum).

		Note	2020	2019
			MCPP-IX	
6	**INVESTMENTS**		Rupees in '000	
	Investments - 'at fair value through profit or loss'	6.1	89,540	18,944

6.1 Investments - 'at fair value through profit or loss' - Units of mutual funds

Name of investee funds	As at July 1, 2019	Purchases during the year	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain as at June 30, 2020	Percentage in relation to total market value of investments
	(Number of units)				(Rupees in '000)			(Percentage)
Meezan Capital Preservation Plan - IX								
Meezan Dedicated Equity Fund	153,424	3,967,681	3,096,183	1,024,922	34,498	35,468	970	39.61
Meezan Cash Fund	64,627	2,417,601	2,482,228	-	-	-	-	-
Meezan Sovereign Fund	198,820	2,241,976	1,391,816	1,048,980	54,054	54,072	18	60.39
Meezan Rozana Amdani Fund	-	4,765,329	4,765,329	-	-	-	-	-
Total as at June 30, 2020					**88,552**	**89,540**	**988**	**100**
Total as at June 30, 2019					**19,155**	**18,944**	**(211)**	**100**

		Note	2020	2019
			MCPP-IX	
7	**PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - Management Company**		Rupees in '000	
	Management fee payable	7.1	-	4
	Sindh Sales Tax payable on remuneration of the -Management Company	7.2	-	1
	Allocated expenses	14	7	1
	Sales load payable		-	761
	Sindh Sales Tax on sales load		-	99
			7	866

7.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2019: 1%) per annum of the daily bank balances of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company and sales load through the Sindh Sales Tax on Services Act 2011 effective from July 1, 2011. During the year SST at the rate of 13% (2019: 13%) was charged on the remuneration of Management Company, sales load and trustee fee.

		Note	2020	2019
8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		MCPP-IX Rupees in '000	
	Trustee fee payable	8.1	5	1
	Sindh Sales Tax payable on trustee fee	8.2	1	-
			6	1

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. Effective from July 1, 2019, the Trustee has revised its remuneration as under:

Previous Tariff		Revised Tariff (Flat Rate)
Net assets (Rs)	Fee	
Up to 1,000 million	0.10% per annum	0.07% per annum of Net Assets
Over 1,000 million	Rs. 1 million plus 0.075% p.a. of Net Assets exceeding Rs. 1,000 million	

Accordingly, the Fund has charged Trustee Fee @ 0.07% per annum during the current year.

8.2 During the current year an amount of Rs. 0.008 million (2019: Rs.167) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011

8.3 During the year, Sindh Sales Tax at the rate of 13% (2019: 13%) was charged on the remuneration of the trustee.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to fund of funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

		Note	2020	2019
10	ACCRUED EXPENSES AND OTHER LIABILITIES		MCPP-IX Rupees in '000	
	Auditors' remuneration payable		50	50
	Shariah advisory fee payable		147	30
	Capital gain tax payable		1	-
	Provision for Sindh Workers' Welfare Fund	10.1	102	-
	Withholding tax payable		604	-
	Dividend payable		59	-
			963	80

10.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded for the period from May 21, 2015 to June 30, 2020, the net asset value of the plan (MCPP IX) as at June 30, 2020 would have been higher by Re. 0.06 per unit (2019: Rs nil per unit).

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

		For the year ended June 30, 2020	For the period from May 20, 2019 to June 30, 2019
		MCPP-IX	
12	AUDITORS' REMUNERATION	Rupees in '000	
	Annual audit fee	58	50
	Half yearly review	32	-
	Out of pocket expenses	2	-
		92	50

13 EXPENSE RATIO

The Total Expense Ratio of the Fund for the year ended June 30, 2020 is 0.85% which include 0.25% representing government levy, Sindh Worker Welfare Fund and SECP fee for MCPP - IX. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Funds Scheme.

14 ALLOCATED EXPENSES

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1 percent of the average annual net assets of the scheme for allocation of such expenses to the Fund.

15 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per Section 4B of the Income Tax Ordinance, 2001.

16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

16.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited Employees' Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

16.2 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.

16.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Rules, the NBFC Regulations and the Trust Deed respectively.

16.4 Detail of transactions with connected persons and balances with them are as follows:

Balances	2020	2019
	MCPP IX	
	Rupees in '000	
Al Meezan Investment Management Limited - Management Company		
Management fee payable	-	4
Sindh Sales Tax on management fee payable	-	1
Allocated expenses payable	7	1
Sales load payable	-	761
Sindh Sales Tax on sales load payable	-	99
Investment	71,839	-
Investment (Units)	1,478,213	-
Meezan Bank Limited		
Bank balance	427	15,898
Profit receivable	2	26
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	5	1
Sindh Sales Tax on trustee fee payable	1	-
Meezan Dedicated Equity Fund		
Investment	35,468	5,449
Investment (Units)	1,024,922	153,424
Meezan Cash Fund		
Investment	-	3,259
Investment (Units)	-	64,627
Meezan Sovereign Fund		
Investment	54,072	10,236
Investment (Units)	1,048,980	198,820
Unitholders holding 10% or more units of the Fund		
Investment (Rs in '000)	-	4,802
Investment (Units)	-	99,555

Transactions during the year	For the year ended June 30, 2020	For the period from May 20, 2019 to June 30, 2019
	MCPP-IX	
	Rupees in '000	
Al Meezan Investment Management Limited - Management Company		
Management fee for the year / period	26	4
Sindh Sales Tax on management fee	3	1
Allocated expenses	92	1
Invested during the year/ period	68,876	-
Invested during the year / period (Units)	1,422,356	-
Dividend paid during the year	125	-
Dividend paid during the year (Units)	55,857	-
Meezan Bank Limited		
Profit on saving account	240	32
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	65	1
Sindh Sales Tax on trustee fee	8	-

	For the year ended June 30, 2020	For the period from May 20, 2019 to June 30, 2019
	MCPP-IX	
	Rupees in '000	
Meezan Dedicated Equity Fund		
Invested during the year / period	136,800	7,250
Invested during the year / period (Units)	3,967,681	195,852
Redeemed during the year / period	105,450	1,500
Redeemed during the year / period (Units)	3,096,183	42,428
Meezan Cash Fund		
Invested during the year / period	127,049	16,200
Invested during the year / period (Units)	2,417,601	304,134
Redeemed during the year / period	130,549	12,974
Redeemed during the year / period (Units)	2,482,228	239,507
Meezan Sovereign Fund		
Invested during the year / period (Rs in '000)	120,546	10,224
Invested during the year / period (Units)	2,241,976	198,820
Redeemed during the year (Rs in '000)	77,179	-
Redeemed during the year (Units)	1,391,816	-
Meezan Rozana Amdani Fund		
Invested during the year	238,271	-
Invested during the year (Units)	4,765,329	-
Redeemed during the year	238,271	-
Redeemed during the year (Units)	4,765,329	-
Dividend received during the year (Units)	122,591	-
Dividend received during the year	6,130	-

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Balances with banks	447	-	447
Investments	-	89,540	89,540
Profit accrued on balances with banks	2	-	2
	449	89,540	89,989

	2020		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	7	7
Payable to Central Depository Company of Pakistan Limited - Trustee	-	6	6
Accrued expenses and other liabilities	-	256	256
	-	269	269

	2019		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Balances with banks	15,908	-	15,908
Investments	-	18,944	18,944
Profit accrued on balances with banks	26	-	26
	15,934	18,944	34,878

	2019		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	-	866	866
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1	1
Accrued expenses and other liabilities	-	80	80
	-	947	947

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

18.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.004 million (2019: 0.159 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, 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, 2020 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, 2020 can be determined as follows:

		As at June 30, 2020				
		Exposed to yield / profit rate risk				
	Effective yield / profit rate	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / profit rate risk	Total
		---------- Rupees in '000 ----------				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	3.00% to 7.50%	447	-	-	-	447
Investments		-	-	-	89,540	89,540
Profit accrued on balances with banks		-	-	-	2	2
		447	-	-	89,542	89,989
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	7	7
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	6	6
Accrued expenses and other liabilities		-	-	-	256	256
					269	269
On-balance sheet gap		447	-	-	89,273	89,720
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total profit rate sensitivity gap		447	-	-		
Cumulative profit rate sensitivity gap		447	447	447		

		As at June 30, 2019				
		Exposed to yield / profit rate risk				
	Effective yield / profit rate	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / profit rate risk	Total
		---------- Rupees in '000 ----------				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	5.00% to 11.85%	15,908	-	-	-	15,908
Investments		-	-	-	18,944	18,944
Profit accrued on balances with banks		-	-	-	26	26
		15,908	-	-	18,970	34,878
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	866	866
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1	1
Accrued expenses and other liabilities		-	-	-	80	80
					947	947
On-balance sheet gap		15,908	-	-	18,023	33,931
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total profit rate sensitivity gap		15,908	-	-		
Cumulative profit rate sensitivity gap		15,908	15,908	15,908		

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 has exposure to equity price risk arising from the Fund investments in open end mutual funds. The Fund manages its price risk arising from investments by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 1% increase / decrease in equity prices as at June 30, 2020 with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 0.895 million (2019: Rs. 0.189 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

18.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations 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 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:

	2020					
	Within 1 month	More than one month and upto three months	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000					
Financial assets						
Balances with banks	447	-	-	-	-	447
Investments	-	-	-	-	89,540	89,540
Profit accrued on balances with banks	2	-	-	-	-	2
	449	-	-	-	89,540	89,989
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	7	-	-	-	-	7
Payable to Central Depository Company of Pakistan Limited - Trustee	6	-	-	-	-	6
Accrued expenses and other liabilities	-	256	-	-	-	256
	13	256	-	-	-	269
Net assets / (liabilities)	436	(256)	-	-	89,540	89,720

	2019					
	Within 1 month	More than one month and upto three months	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000					
Financial assets						
Balances with banks	15,908	-	-	-	-	15,908
Investments	-	-	-	-	18,944	18,944
Profit accrued on balances with banks	26	-	-	-	-	26
	15,934	-	-	-	18,944	34,878
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	866	-	-	-	-	866
Payable to Central Depository Company of Pakistan Limited - Trustee	1	-	-	-	-	1
Accrued expenses and other liabilities	-	80	-	-	-	80
	867	80	-	-	-	947
Net assets / (liabilities)	15,067	(80)	-	-	18,944	33,931

18.3 Credit risk

18.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees in '000		Rupees in '000	
Balances with banks	447	447	15,908	15,908
Investments	89,540	-	18,944	-
Profit accrued on balances with banks	2	2	26	26
	89,989	449	34,878	15,934

18.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of balances with banks is as follows:

	2020		2019	
	Amount of financial assets exposed to credit risk	% of financial assets exposed to credit risk	Amount of financial assets exposed to credit risk	% of financial assets exposed to credit risk
Rating	Rupees in '000		Rupees in '000	
AA+	437	97.76%	15,908	100.00%
AA	10	2.24%	-	-
	447	100%	15,908	100%

19 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. However, during the year on certain days and since January 23, 2020, the Fund is below the minimum requirement of Rs 100 million. As per the SECP Circular 16 of 2020 dated April 21, 2020, the Fund has been granted 180 days from the date of non compliance, to comply with the minimum requirement of the fund size.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

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, 2020, the Fund held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	-	89,540	-
	-	89,540	-

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	-	18,944	-
	-	18,944	-

21 UNIT HOLDING PATTERN OF THE FUND

	MCPP IX 2020			MCPP IX 2019		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	Rupees in '000		Percentage	Rupees in '000		Percentage
Individuals	203	17,156	19.28	235	32,101	94.61
Retirement fund	-	-	-	1	1,829	5.39
Associated Companies	1	71,839	80.72	-	-	-
Total	204	88,995	100	236	33,930	100

22 INVESTMENT COMMITTEE MEMBERS

22.1 Details of members of investment committee of the Fund are as follows:

Name	Designation	Qualification	Experience in years
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equity	CFA / MBA	Thireteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thireteen years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thireteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP/ Head of Research	CFA / MBA (in progress)	Nine years

The Fund Manager of this Fund is Mr. Asif Imtiaz. Other Funds being managed by the Fund Manager are:

- Meezan Balanced Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- KSE Meezan Index Fund
- Meezan Strategic Allocation Fund-II; and
- Meezan Dedicated Equity Fund

23 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

23.1 The date of the meeting of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on				
		August 19, 2019	October 15, 2019	February 10, 2020	April 15, 2020	June 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

24 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

26 GENERAL

26.1 Regulatory reliefs due to COVID - 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;

b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;

c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;

d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

26.2 Operational Risk Management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

26.3 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive	Chief Financial Officer	Director

Meezan
Tahaffuz Pension Fund

Meezan Tahaffuz Pension Fund (MTPF)

Meezan Tahaffuz Pension Fund is Pakistan's first and the largest Shariah compliant Voluntary Pension Scheme. MTPF is the best way to save and invest for your post-retirement needs and it has the potential to deliver superior returns with the added advantage of providing Tax Benefits which significantly enhances the yield on your investment.

LARGEST
PENSION FUND
MANAGER
IN THE INDUSTRY

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. ljaz 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 RESOURSE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

AUDITORS

KPMG Taseer Hadi & Co
Chartered Accountants
Sheikh Sultan Trust Buildings, Ground، No 2 Beaumont Rd, Civil Lines, Karachi-75530 Pakistan

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Allied Bank Limited
Al Baraka Islamic Bank B.S.C (E.C)
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Bank Alfalah Limited
Bank Islami Pakistan Limited
The Bank of Punjab
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
Habib Bank Limited -Islamic Banking
Habib Metropolitan Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking
Sindh Bank Limited
Soneri Bank Limited
UBL Ameen - Islamic Banking

LEGAL ADVISER

Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (9221) 35156191-94 Fax: (9221) 35156195
E-mail:

TRANSFER AGENT

Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited

REPORT OF THE PENSION FUND MANAGER
Meezan Tahaffuz Pension Fund (MTPF)

Type of Fund

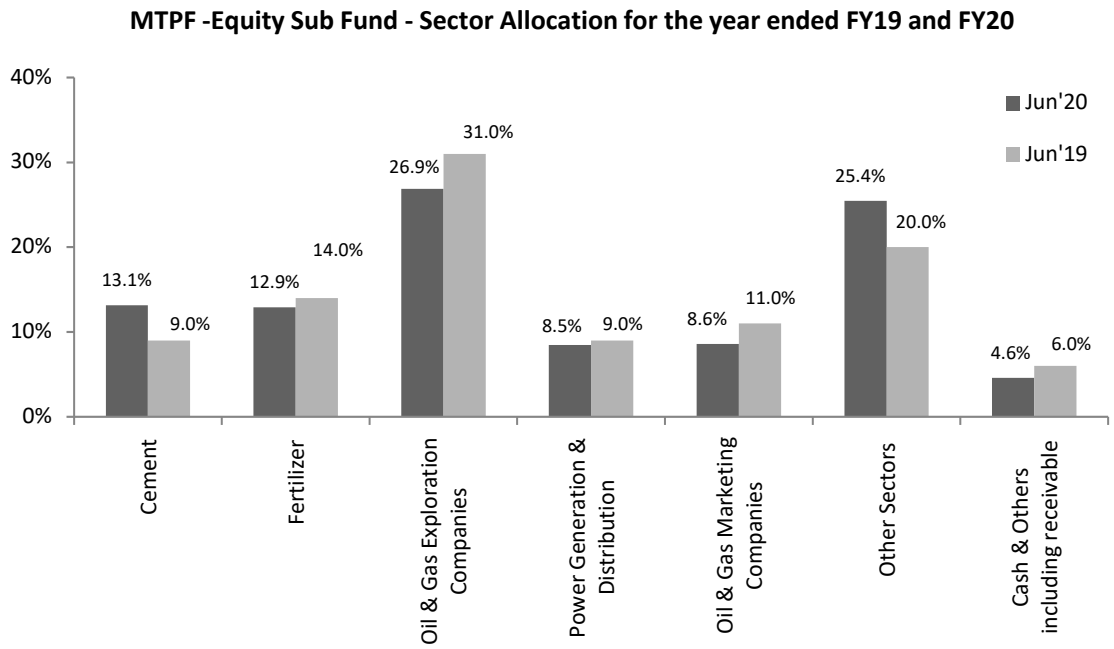
Open end pension fund investing primarily in Shariah compliant stocks and debt instruments (Sukuks).

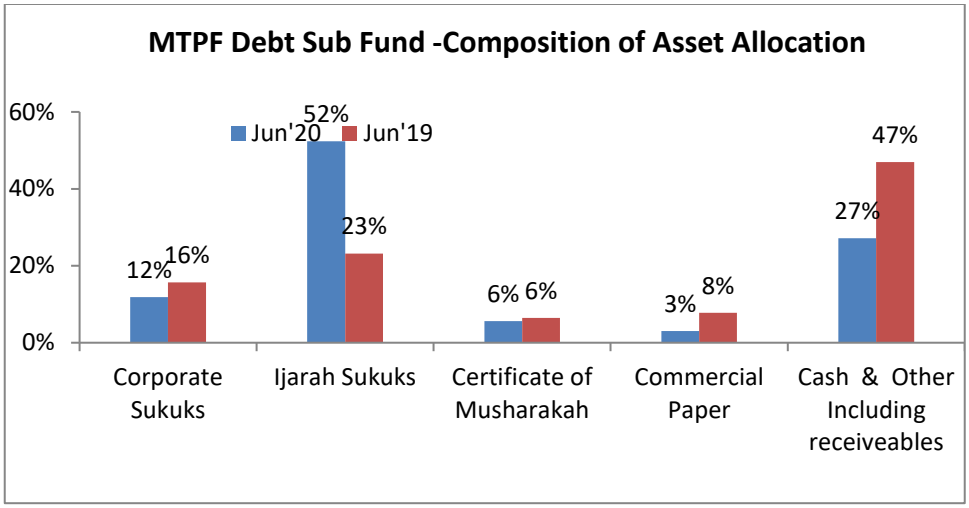
Objective

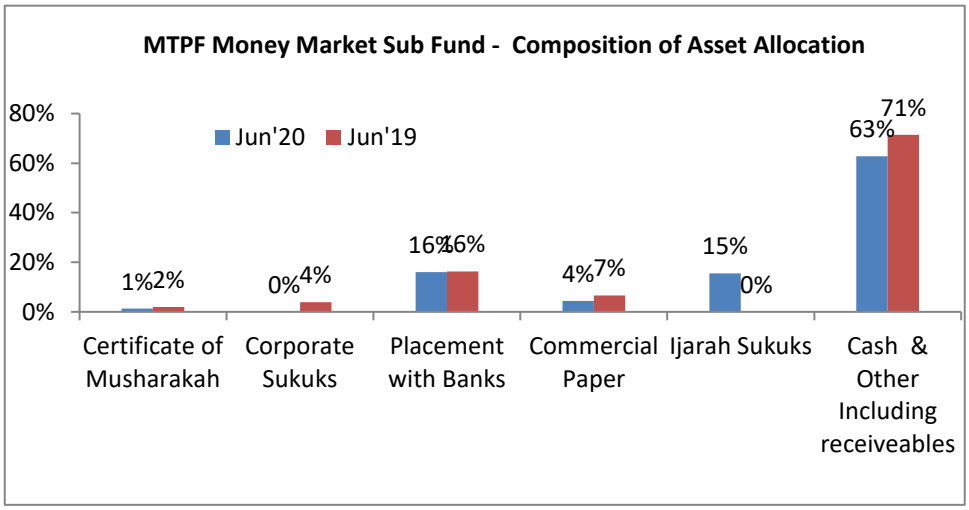
The objective of MTPF is to provide participants with a Shariah-compliant saving mechanism whereby they can save from their current income in order to gain benefits of an income stream after retirement or disability when other income avenues have been exhausted.

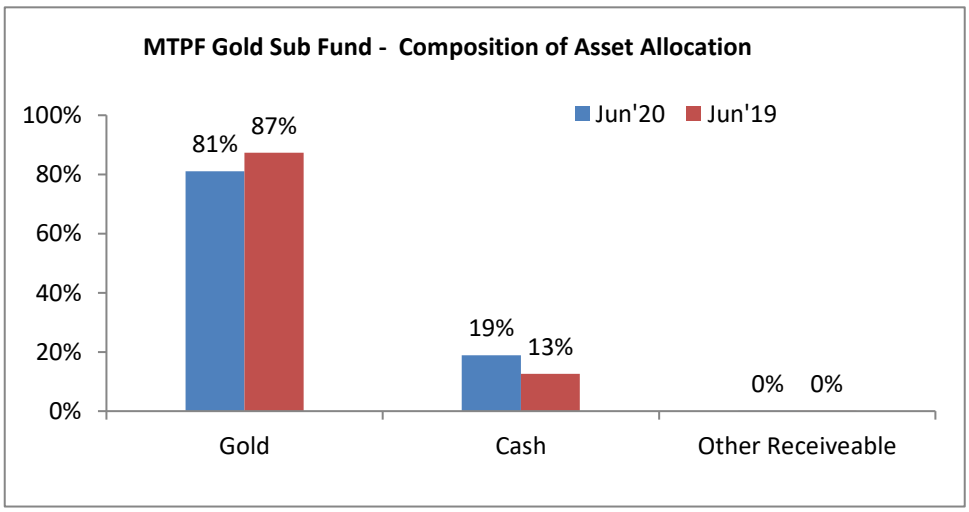
Investment Policy

This pension fund is divided into four sub-funds namely equity, debt, money market and gold sub-funds which have different investment policies in order to cater to investors with varying levels of risk tolerance. These sub-funds offer the investors a wide range of options to select an allocation according to their risk preference.









Performance Review

For the period under review, the equity sub-fund provided a return of 5.97%, debt sub-fund provided a return of 10.99%, and money market sub-fund returned 9.92% while the Gold Sub-fund provided a return of 21.40%.

Meezan Tahaffuz Pension Fund		FY20
- Equity sub fund	Voluntary Pension Scheme	5.97%
- Debt sub fund		10.99%
- Money market sub fund		9.92%
- Gold sub fund		21.40%
		FY20
- High Volatility	Voluntary Pension Allocation Scheme	7.07%
- Medium Volatility		8.49%
- Low Volatility		9.65%
- Lower Volatility		10.45%

Equity Sub Fund

Equity sub fund posted a total gain of Rs. 320 million in FY20 as compared to a total loss of Rs. 1,180 million last year. Total gain comprised of realized and unrealized gain on investments of Rs. 3 million and Rs. 121 million respectively. Dividend income contributed Rs. 177 million, while profit on saving accounts with banks amounted to Rs. 19 million. After accounting for expenses of Rs. 90 million and an element of income and capital gain included in prices of units issued and less those in units redeemed of Rs. 4 million, the Fund posted a net income of Rs. 233 million. The net assets of the Fund as at June 30, 2020 were Rs. 4,131 million as compared to Rs. 4,086 million at the end of last year. The net asset value per unit as at June 30, 2020 was Rs. 400.15 as compared to Rs. 377.58 per unit as on June 30, 2019.

Debt Sub Fund

The Fund earned a gross income of Rs. 358 million in FY20, as compared to a gross income of Rs. 235 million last year. Total income was primarily due to profit on Sukuks certificates worth Rs. 178 million. Profit on saving accounts at Islamic banks including profit on term deposit receipts contributed Rs. 183 million. On the other side, the fund incurred realised gain and unrealized loss worth Rs. 0.2 million and 3 million respectively. The fund also incurred expenses totalling to Rs. 60 million and element of gain and capital gains included in prices of units issued and less those in units redeemed of Rs. 14 million, which brought the net income figure to Rs. 313 million. The net assets of the Fund as at June 30, 2020 were Rs. 3,178 million as compared to Rs. 2,807 million at the end of last year. The net asset value per unit as at June 30, 2020 was Rs. 261.9128 as compared to Rs. 236.11 per unit as on June 30, 2019.

Money Market Sub Fund

The Fund earned a gross income of Rs. 298 million in FY20, as compared to a gross income of Rs. 141 million last year. Total income was primarily due to profit on Sukuks certificates amounting to Rs. 27 million. Profit on saving accounts at Islamic banks including profit on term deposit receipt totalled Rs.275 million. Unrealised loss in the sub fund was Rs. 5 million. The fund also incurred expenses totalling Rs. 54 million and element of gain and capital gains included in price of units issued and less those in units redeemed was Rs. 34 million, which brought the net income figure to Rs. 278 million. The net assets of the Fund as at June 30, 2020 were Rs. 3,092 million as compared to Rs. 2,073 million at the end of last year. The net asset value per unit as at June 30, 2020 was Rs. 257.35 as compared to Rs. 234.25 per unit as on June 30, 2019.

Gold Sub Fund

The Fund posted a gross income of Rs. 22 million in FY20, as compared to Rs. 18 million last year. Total income was mainly due to realised and unrealized gain on investment of Rs. 0.26 million and Rs. 21 million respectively. Profit on saving accounts at Islamic banks was Rs. 1 million.The fund also incurred expenses totalling to Rs. 3 million and element of gain and capital gains included in prices of units issued and less those in units redeemed of Rs. 2 million, which brought the net income figure to Rs. 21 million. The net assets of the Fund as at June 30, 2020 were Rs. 119 million. The net asset value per unit as at June 30, 2020 was Rs. 158.3880

Charity Statement

The Equity Sub Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2020 an amount of Rs. 5 million was accrued as charity payable.

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	4	4	0	0
Percentage		100%	0%	0%

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website www.almeezangroup.com. A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.

Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Tahaffuz Pension Fund

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Thirteenth year of operations of Meezan Tahaffuz Pension Fund (MTPF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity

In the capacity of *Shari'ah Advisor*, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non- *Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non-Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

i. We have reviewed and approved the modes of investments of MTPF in light of *Shari'ah* requirements. Following is the list of top equity holdings of MTPF as on June 30, 2019 and their evaluation according to the screening criteria established by us. (December 31, 2018 accounts of the Investee companies have been used for the following calculations*):

	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
Company Name	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Engro Corporation Ltd	Fertilizer	28.34%	22.25%	4.72%	58.58%	(220.56)	
Mari Petroleum Ltd.	Oil & Gas Exploration Companies	7.83%	17.76%	3.13%	30.37%	(664.23)	

Oil & Gas Development Co. Ltd..	Oil & Gas Exploration Companies	0.00%	7.95%	7.74%****	33.64%	90.21	142.32
Lucky Cement Ltd.	Cement	25.55%	0.71%	2.59%	85.13%	(279.47)	
The Hub Power Co. Ltd.***	Power Generation & Distribution Company	32.32%	0.00%	7.32%	53.77%	(43.08)	
Pakistan Oil Fields	Oil & Gas Exploration Companies	0.00%	1.35%	4.09%	44.36%	7.96	446.72
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.01%	8.64%	1.59%	31.91%	58.79	137

* 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.
**** OGDC is facing circular debt issues. Company is bound to retain interest bearing TFC/Bonds having no permission to sell from government. Due to high interest rate during July-Dec 2019, non-compliant income is high and exceeds 5%. Company had provided written confirmation that its non-compliant income ratio will be less than 5% due to lower interest rates during July-Dec 2020.

ii. On the basis of information provided by the management, all operations of MTPF for the year ended June 30, 2020 have been in compliance with the *Shari'ah* principles.

In light of the above, we hereby certify that all the provisions of the Scheme and investments made on account of MTPF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shariah Advisor

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
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Tel: (92-21) 111-111-500
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TRUSTEE REPORT TO THE PARTICIPANTS

MEEZAN TAHAFFUZ PENSION FUND

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Tahaffuz Pension Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 24, 2020

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Independent Auditors' Report to the participants of Meezan Tahaffuz Pension Fund

We have audited the annexed financial statements comprising:

i. Statement of Assets and Liabilities;
ii. Income Statement and Statement of Comprehensive Income;
iii. Statement of Cash Flows;
iv. Statement of Movement in Participants' Sub Funds;
v. Statement of Contribution Table; and
vi. Statement of Number of Units in Issue

of **Meezan Tahaffuz Pension Fund** ("the Fund") as at 30 June 2020 and for the year then ended together with the notes forming part thereof.

Pension Fund Manager's responsibility for the financial statements

The Pension Fund Manager 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 the Pension Fund Manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG Taseer Hadi & Co.

Opinion

In our opinion:

a) the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under;

b) a true and fair view is given of the disposition of the Fund as at 30 June 2020 and of the transactions of the Fund for the year ended 30 June 2020 in accordance with the accounting and reporting standards as applicable in Pakistan;

c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;

d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the pension fund;

e) proper books and records have been kept by the Pension Fund Manager and the financial statements prepared are in agreement with the pension fund's books and records;

f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and

g) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

Other matter

The financial statements of the Fund for the year ended 30 June 2019 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated 18 September 2019.

Date: 17 September 2020

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Malik

Meezan Tahaffuz Pension Fund

Statement of Assets and Liabilities

As at 30 June 2020

	Note	2020 Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	2019 Total
		(Rupees in '000)					
ASSETS							
Bank balances	4	**179,273**	**836,882**	**1,965,343**	**23,299**	**3,004,797**	3,306,722
Investments	5	**4,029,169**	**2,340,602**	**1,157,930**	**-**	**7,527,701**	5,681,753
Investment in gold	5.5	**-**	**-**	**-**	**97,926**	**97,926**	71,218
Dividend receivable		**8,284**	**-**	**-**	**-**	**8,284**	15,260
Deposits and other receivables	6	**9,860**	**54,603**	**14,896**	**10**	**79,369**	87,842
Receivable against change of plan / change of fund manager / issuance of units		**-**	**-**	**-**	**-**	**-**	14,759
Receivable against sale of investments		**9,999**	**-**	**-**	**-**	**9,999**	3,698
Total assets		**4,236,585**	**3,232,087**	**3,138,169**	**121,235**	**10,728,076**	9,181,252
LIABILITIES							
Payable to Al Meezan Investment Management Limited - Pension Fund Manager	7	**788**	**609**	**585**	**23**	**2,005**	12,480
Payable to Central Depository Company of Pakistan Limited - Trustee	8	**313**	**236**	**231**	**8**	**788**	715
Payable to auditors		**63**	**63**	**63**	**64**	**253**	252
Payable to Securities and Exchange Commission of Pakistan	9	**1,341**	**965**	**879**	**33**	**3,218**	3,100
Payable against purchase of investments		**9,989**	**-**	**-**	**-**	**9,989**	17
Payable against withdrawal / change of plan		**6,559**	**5,527**	**6,508**	**-**	**18,594**	24,345
Accrued expenses and other liabilities	10	**86,968**	**46,329**	**37,565**	**1,669**	**172,531**	90,024
Total liabilities		**106,021**	**53,729**	**45,831**	**1,797**	**207,378**	130,933
NET ASSETS		**4,130,564**	**3,178,358**	**3,092,338**	**119,438**	**10,520,698**	9,050,319
Contingencies and commitments	13						
PARTICIPANTS' SUB - FUNDS (as per statement attached)		**4,130,564**	**3,178,358**	**3,092,338**	**119,438**	**10,520,698**	9,050,319
		(Number of units)					
Number of units in issue (as per statement attached)		**10,322,586**	**12,135,176**	**12,016,294**	**754,085**		
		(Rupees)					
Net assets value per unit		**400.1482**	**261.9128**	**257.3454**	**158.3880**		

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive	**Chief Financial Officer**	**Director**

Meezan Tahaffuz Pension Fund
Income Statement and Statement of Other Comprehensive Income
For the year ended 30 June 2020

	Note	For the year ended 30 June 2020				Total	For the year ended 30 June 2019
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		
		(Rupees in '000)					
INCOME							
Profit from sukuk certificates and commercial paper		-	177,836	27,450	-	205,286	125,314
Profit on saving accounts with banks		19,004	144,623	235,653	1,073	400,353	190,643
Profit on term deposit receipts		-	38,408	39,451	-	77,859	80,455
Dividend income		176,627	-	-	-	176,627	229,481
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss' (net)	5.1 & 5.2	121,463	(2,742)	(4,800)	-	113,921	(1,117,755)
Unrealised appreciation on investment in gold	5.5	-	-	-	20,655	20,655	17,923
Net realised gain / (loss) on sale of investments		2,777	200	-	261	3,238	(312,173)
Other income		-	-	-	381	381	684
Total income / (loss)		319,871	358,325	297,754	22,370	998,320	(785,428)
EXPENSES							
Remuneration to Al Meezan Investment Management Limited - Pension Fund Manager	7.1	60,391	43,463	39,574	1,494	144,922	139,625
Sindh Sales Tax and Federal Excise Duty on remuneration of the Pension Fund Manager	7.2	7,851	5,650	5,145	194	18,840	18,151
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	3,373	2,431	2,211	84	8,099	7,885
Sindh Sales Tax on remuneration of the Trustee	8.2	438	316	287	11	1,052	1,026
Annual fee to Securities and Exchange Commission of Pakistan	9	1,341	965	879	33	3,218	3,100
Auditors' remuneration	14	129	129	129	130	517	468
Brokerage charges and custodian fee		6,105	34	-	868	7,007	4,497
Bank and settlement charges		885	204	139	32	1,260	1,250
Charity expense		5,206	-	-	-	5,206	4,216
Provision for Sindh Workers' Welfare Fund	12	4,755	6,390	5,665	430	17,240	7,048
Total expenses		90,474	59,582	54,029	3,276	207,361	187,266
Net income /(loss) from operating activities		229,397	298,743	243,725	19,094	790,959	(972,694)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		3,601	14,351	33,849	1,949	53,750	49,223
Net income / (loss) for the year before taxation		232,998	313,094	277,574	21,043	844,709	(923,471)
Taxation	21	-	-	-	-	-	-
Net income / (loss) for the year after taxation		232,998	313,094	277,574	21,043	844,709	(923,471)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income / (loss) for the year		232,998	313,094	277,574	21,043	844,709	(923,471)

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive	Chief Financial Officer	Director

Meezan Tahaffuz Pension Fund
Statement of Cash Flows
For the year ended 30 June 2020

	Note	For the year ended 30 June 2020				Total	For the year ended 30 June 2019
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		
		(Rupees in '000)					
CASH FLOW FROM OPERATING ACTIVITIES							
Net income / (loss) for the year before taxation		**232,998**	**313,094**	**277,574**	**21,043**	**844,709**	(923,471)
Adjustments:							
Unrealised (appreciation) /diminution on 're-measurement of investments at 'fair value through profit or loss' (net)	*5.1 & 5.2*	**(121,463)**	**2,742**	**4,800**	**-**	**(113,921)**	1,117,755
Unrealised appreciation on investment in gold	*5.5*	**-**	**-**	**-**	**(20,655)**	**(20,655)**	(17,923)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net)		**(3,601)**	**(14,351)**	**(33,849)**	**(1,949)**	**(53,750)**	(49,223)
		107,934	**301,485**	**248,525**	**(1,561)**	**656,383**	127,138
Decrease / (increase) in assets							
Investments (net)		**13,348**	**(846,045)**	**(899,330)**	**(6,053)**	**(1,738,080)**	1,001,212
Receivable against sale of investments		**(6,301)**	**-**	**-**	**-**	**(6,301)**	(3,698)
Dividend receivable		**6,976**	**-**	**-**	**-**	**6,976**	350
Deposits and other receivables		**(1,242)**	**(1,321)**	**10,990**	**46**	**8,473**	(40,989)
		12,781	**(847,366)**	**(888,340)**	**(6,007)**	**(1,728,932)**	956,875
Increase in liabilities							
Payable to Al Meezan Investment Management Limited - Pension fund Manager		**(5,056)**	**(3,156)**	**(2,178)**	**(85)**	**(10,475)**	(305)
Payable to Central Depository Company of Pakistan Limited - Trustee		**(22)**	**20**	**73**	**2**	**73**	(10)
Payable to Securities and Exchange Commission of Pakistan		**(356)**	**72**	**389**	**13**	**118**	192
Payable to auditors		**-**	**-**	**-**	**1**	**1**	12
Payable against purchase of investments		**9,989**	**-**	**-**	**(17)**	**9,972**	(6,482)
Accrued expenses and other liabilities		**24,338**	**26,670**	**30,436**	**1,063**	**82,507**	10,490
		28,893	**23,606**	**28,720**	**977**	**82,196**	3,897
Net cash generated from / (used in) operating activities		**149,608**	**(522,275)**	**(611,095)**	**(6,591)**	**(990,353)**	1,087,910
CASH FLOW FROM FINANCING ACTIVITIES							
Receipts of contribution / change of plan / change of fund manager / issuance of units		**1,432,864**	**1,964,701**	**2,770,311**	**28,801**	**6,196,677**	5,758,873
Payments on withdrawal / change of plan		**(1,626,159)**	**(1,875,750)**	**(1,995,444)**	**(10,896)**	**(5,508,249)**	(4,990,946)
Net cash (used in) / generated from financing activities		**(193,295)**	**88,951**	**774,867**	**17,905**	**688,428**	767,927
Net (decrease)/ increase in cash and cash equivalents during the year		**(43,687)**	**(433,324)**	**163,772**	**11,314**	**(301,925)**	1,855,837
Cash and cash equivalents at beginning of the year		**222,960**	**1,270,206**	**1,801,571**	**11,985**	**3,306,722**	1,450,885
Cash and cash equivalents at end of the year	*4*	**179,273**	**836,882**	**1,965,343**	**23,299**	**3,004,797**	3,306,722

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive | **Chief Financial Officer** | **Director**

Meezan Tahaffuz Pension Fund

Statement of Movement in Participants Sub Funds

For the year ended 30 June 2020

	For the year ended 30 June 2020				Total	For the year ended 30 June 2019
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		
	(Rupees in '000)					
Net assets at beginning of the year	**4,086,115**	**2,807,052**	**2,072,836**	**84,316**	**9,050,319**	9,257,013
Amount received on issuance of units (2020: Equity sub fund: 3,831,823 units; Debt sub fund: 7,903,993 units; Money market sub fund: 11,314,192 units; and Gold sub fund: 187,054 units) (2019: Equity sub fund: 3,587,370 units; Debt sub fund: 6,308,321 units; Money market sub fund: 12,008,864 units; and Gold sub fund: 175,464 units)	**1,432,864**	**1,951,819**	**2,770,311**	**26,924**	**6,181,918**	5,773,231
Amount paid on withdrawal of units (2020: Equity sub fund: 4,331,191 units; Debt sub fund: 7,657,452 units; Money market sub fund: 8,146,884 units; and Gold sub fund: 79,153 units) (2019: Equity sub fund: 3,742,830 units; Debt sub fund: 6,942,804 units; Money market sub fund: 7,803,500 units; and Gold sub fund: 21,153 units)	**(1,617,812)**	**(1,879,256)**	**(1,994,534)**	**(10,896)**	**(5,502,498)**	(5,007,231)
	(184,948)	**72,563**	**775,777**	**16,028**	**679,420**	766,000
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	**(3,601)**	**(14,351)**	**(33,849)**	**(1,949)**	**(53,750)**	(49,223)
Net realised (loss) / gain on sale of investments	**2,777**	**200**	**-**	**261**	**3,238**	(312,173)
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss' (net)	**121,463**	**(2,742)**	**(4,800)**	**-**	**113,921**	(1,117,755)
Unrealised appreciation on investment in gold	**-**	**-**	**-**	**20,655**	**20,655**	17,923
Other net income for the year	**108,758**	**315,636**	**282,374**	**127**	**706,895**	488,534
	232,998	**313,094**	**277,574**	**21,043**	**844,709**	(923,471)
Net assets at end of the year	**4,130,564**	**3,178,358**	**3,092,338**	**119,438**	**10,520,698**	9,050,319

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive	**Chief Financial Officer**	**Director**

Meezan Tahaffuz Pension Fund
Statement of Contribution Table
For the year ended 30 June 2020

	For the year ended 30 June 2020								Total	For the year ended 30 June 2019
	Equity sub fund		Debt sub fund		Money Market sub fund		Gold sub fund			
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	(Rupees in '000)	(Rupees in '000)
Contribution net of front end fee for the year										
Individuals										
- issuance / conversion / reallocation of units	**3,831,823**	**1,432,864**	**7,903,993**	**1,951,819**	**11,314,192**	**2,770,311**	**187,054**	**26,924**	**6,181,918**	5,773,231

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive	**Chief Financial Officer**	**Director**

Meezan Tahaffuz Pension Fund
Statement of Number of Units in Issue
For the year ended 30 June 2020

	For the year ended 30 June 2020			
	Equity sub fund	**Debt sub fund**	**Money market sub fund**	**Gold sub fund**
	---------- (Number of units) ----------			
Total units in issue at beginning of the year	**10,821,954**	**11,888,635**	**8,848,986**	**646,184**
Add: Units issued / converted / reallocated during the year	**3,831,823**	**7,903,993**	**11,314,192**	**187,054**
Less: Units redeemed / converted / reallocated during the year	**(4,331,191)**	**(7,657,452)**	**(8,146,884)**	**(79,153)**
Total units in issue at the end of the year	**10,322,586**	**12,135,176**	**12,016,294**	**754,085**

	For the year ended 30 June 2019			
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund
	---------- (Number of units) ----------			
Total units in issue at beginning of the year	10,977,414	12,523,118	4,643,622	491,873
Add: Units issued / converted / reallocated during the year	3,587,370	6,308,321	12,008,864	175,464
Less: Units redeemed / converted / reallocated during the year	(3,742,830)	(6,942,804)	(7,803,500)	(21,153)
Total units in issue at the end of the year	10,821,954	11,888,635	8,848,986	646,184

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive	**Chief Financial Officer**	**Director**

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Tahaffuz Pension Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as trustee. The Trust Deed was executed and approved by the Securities and Exchange Commission of Pakistan on May 30, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). The registered office of the Pension Fund Manager of the Fund, is situated at Ground Floor, Block B Finance and Trade Centre Sarah-e-Faisal, Karachi 74400, Pakistan.

The Fund offers a saving mechanism where an individual saves from his / her income during work life in order to retain financial security and comfort in terms of regular income stream after retirement. The Fund comprises of four Shariah compliant sub funds namely Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund and Gold Sub-Fund (collectively the "Sub-Funds"). Participants are offered various investment allocation schemes depending on their investment horizon, return requirements, risk tolerance and any unique circumstances. The Fund offers six types of allocation schemes to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility, Variable Volatility and Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. Allocation scheme can be selected initially at the time of opening of account and subsequently the allocation and percentages may change twice in a financial year. The contributions from participants are invested in various instruments belonging to different asset classes to get full benefits of risk minimization through diversification.

1.2 Summary of significant investment policy for each of the Sub-Fund is as follows:

Equity Sub Fund

The Equity Sub-Fund shall invest at least 90% of net assets in listed equity securities based on quarterly average investment calculated on daily basis. Investment in single company shall not exceed 10% of net assets or paid-up capital of the investee company, whichever is lower. Surplus funds may be invested in Government Securities with maturity of less than one year or deposits with Banks which are rated not less than “A.

Debt Sub Fund

The Debt Sub-Fund shall consist of debt securities with maturity of not more than 5 years. At least 25 % of net assets of the Debt Sub-Fund shall be invested in debt securities issued by the Federal Government and up to 25 % of net assets of Debt Sub-Fund may be deposited with Banks having not less than “AA Plus” rating. However, if such debt securities issued by Federal Government are not available, the assets of Debt Sub-Fund may be deposited in Islamic Commercial Banks, having not less than “A+” rating or Islamic windows of conventional commercial Banks, having not less than “AA” rating or may be invested in Islamic bonds or Sukuks issued by entities wholly-owned by the Federal Government or in such Islamic securities which are fully guaranteed by the Federal Government.

Money Market Sub Fund

The Money Market Sub-Fund consists of short term debt instruments with weighted average maturity up to one year. Shariah Compliant Money Market Sub Fund can invest in shariah compliant government securities where the time to maturity may be up to three years.

Gold Sub Fund

The Gold Sub Fund consist of physical gold and aim to provide opportunities of capital appreciation and maximum exposure to price of gold in a Shariah Compliant manner, by investing a significant portion of net assets in deliverable gold base contracts available on Pakistan Mercantile Exchange (PMEX).

1.3 The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah.

1.4 The Fund is an unlisted pension scheme. Units are offered for public subscription on a continuous basis. The units are non-transferable and can be redeemed by surrendering them to the Fund at the option of the participants.

1.5 Title to the assets of the Sub Funds are held in the name of CDC as a Trustee of the Fund.

1.6 Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.7 The Pension Fund Manager has been assigned a quality rating of AM1 by VIS dated December 31, 2019 and AM1 by PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.8 On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Many governments are still taking stringent steps to help contain the spread of the virus, including requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and “locking-down” cities/regions or even entire countries. The Fund took all necessary measures during this COVID-19 pandemic situation for smooth execution of fund operations.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Voluntary Pension System Rules, 2005 (the VPS Rules) and 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 VPS Rules and requirements of the trust deed differ from the IFRS standards, provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the VPS Rules and requirements of the trust deed have been followed.

2.1.2 The SECP vide letter ref SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of impairment requirements of International Financial Reporting Standard (IFRS) 9 "Financial Instruments" in relation to debt securities for mutual funds. Accordingly, the impairment requirements of IFRS 9 have not been considered for debt securities and requirements of SECP Circular 33 of 2012 have continued to be followed.

2.2 Basis of measurement

These financial statements have been prepared on historical cost convention basis except for investments classified as 'at fair value through profit or loss' which are measured at fair value and at amortised cost which are amortised during the year.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Fund's functional and presentation currency. The figures have been rounded off to nearest thousand rupee, unless otherwise stated.

2.4 Use of judgements and estimates

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In the process of applying the Fund's accounting polices, management has made the following accounting estimates and judgments which are significant to the financial statements and estimates with a significant risk of material adjustment in future years:

a) Classification and valuation of financial instruments (notes 3.1 and 5);

b) Impairment of financial instruments (note 3.1.4); and

c) Provision (note 3.4)

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as KIBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A fund shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Fund.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

  - there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements are not likely to have significant impact on the Fund's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented in the financial statements.

3.1 Financial instruments

3.1.1 Recognition and initial measurement

Financial assets 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 expensed in the income statement.

3.1.2 Classification and subsequent measurement

3.1.2.1 *Classification of financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Fund's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

3.1.2.2 *Subsequent measurement*

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

Subsequent to initial recognition, financial assets designated by the management as 'fair value through profit or loss' and 'fair value through OCI' are valued as follows:

a) Basis of valuation of debt securities

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Basis of valuation of Government securities

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKIRSV rates) which are based on the remaining tenor of the securities.

c) Basis of valuation of equity securities

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs. The preference shares received as dividend in specie are carried at cost.

3.1.3 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.1.4 Impairment

The Fund at each reporting date wether 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.

The SECP through its letter SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and has instructed to continue to follow the requirements of Circular No. 33 of 2012 dated October 24, 2012.

3.1.5 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

3.1.6 Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

3.1.7 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.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.1.8 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the Balance Sheet if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.2 Investment in gold

Investment in gold is initially recognized at fair value less cost to sell. Subsequent to initial recognition, these are measured at fair value using spot rate (i.e.immediately next day after expired contract) fixed by Pakistan Mercantile Exchange Limited (PMEX). Gain or loss arising from changes in fair value less cost to sell are recognized in the income statement in the period of change.

3.3 Participants' fund

Participants' fund representing the units issued by the Fund, are carried at the net assets value representing the investors' right to a residual interest in the Fund's net assets.

3.4 Issuance, allocation, reallocation and redemption of units

Contribution received in the individual pension account after deduction of takaful premium, if any, followed by front end fee, is used to purchase the units of sub-funds of the fund according to the allocation scheme selected by the participant. The units are allotted at the net asset value notified by the Pension Fund Manager at the close of that dealing day (forward pricing) for each sub-fund, when the contribution is realized. The front end fee is payable to the distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocations of the sub-fund units of all the participants are according to the allocation schemes selected by the participants.

Withdrawals made are used to redeem units of the sub-funds of the fund, according to the allocation scheme of the participant, at the net asset value prevalent on the date on which the distributors receive redemption application during business hours on that date.

3.5 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of that obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net assets value per unit of each sub-fund

The net assets value (NAV) per unit, as disclosed on the Balance Sheet, is calculated by dividing the net assets of each sub-fund by the number of units in issue at year end.

3.7 Taxation

The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision in respect of taxation has been made in these financial statements.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV to the Second Schedule of the Income Tax Ordinance, 2001.

3.8 Income recognition

(i) Gains / (losses) arising on sale of investments are included in the Income Statement on the date when the transaction takes place.

(ii) Dividend income is recognised when the Fund's right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

(iii) Profit on bank balances and term deposits are recognised on time proportion basis using effective yield method.

(iv) Income on sukuk certificates, placements and government securities is recognised on time proportion basis using the effective yield except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by SECP for which the profits are recorded on cash basis.

(v) Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.

3.9 Expenses

All expenses, including remuneration of the Pension Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement as and when incurred.

3.10 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, the determination of weighted average units for calculating EPU is not practicable.

3.11 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3.12 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed-net

An equalisation account called 'element of income / (loss) and capital gains / (losses)' included in prices of units issued less those in units redeemed is set up in order to prevent the dilution of income per unit.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) held in the participants' funds in a separate account. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

3.13 Distribution

Distribution of dividend or bonus units is not allowed under the VPS Rules 2005.

		2020					2019
	Note	**Equity sub fund**	**Debt sub fund**	**Money Market sub fund**	**Gold sub fund**	**Total**	Total
4. BANK BALANCES		---------- (Rupees in '000) ----------					
Current accounts		**20,850**	**20,318**	**24,771**	**510**	**66,449**	1,295
Savings accounts	*4.1*	**158,423**	**816,564**	**1,940,572**	**22,789**	**2,938,348**	3,305,427
		179,273	**836,882**	**1,965,343**	**23,299**	**3,004,797**	3,306,722

4.1 The balance in savings accounts carry expected profit which ranges from 3% to 13.75% (2019: 3.00% to 12.50%) per annum.

		2020					2019
5. INVESTMENTS	*Note*	**Equity sub fund**	**Debt sub fund**	**Money Market sub fund**	**Gold sub fund**	**Total**	Total
Investments by category		---------- (Rupees in '000) ----------					
At fair value through profit or loss							
Listed equity securities	*5.1*	**4,029,169**	**-**	**-**	**-**	**4,029,169**	3,921,054
Sukuk certificates	*5.2*	**-**	**2,064,915**	**482,971**	**-**	**2,547,886**	1,171,834
		4,029,169	**2,064,915**	**482,971**	**-**	**6,577,055**	5,092,888
At amortised cost							
Term deposit receipts	*5.3*	**-**	**180,000**	**540,000**	**-**	**720,000**	220,000
Commercial paper	*5.4*	**-**	**96,950**	**135,730**	**-**	**232,680**	370,899
Less: Provision for impairment loss	*5.2.5*	-	**(1,263)**	**(771)**	**-**	**(2,034)**	(2,034)
		4,029,169	**2,340,602**	**1,157,930**	**-**	**7,527,701**	5,681,753

5.1 Listed equity securities - at fair value through profit or loss

Held by Equity Sub-Fund

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the investee company	As at 01 July 2019	Purchased during the year	Bonus / Rights issue during the year	Sales during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Unrealised (loss) / gain as at 30 June 2020	Market value as a percentage of net assets of sub-fund	Percentage of paid-up capital of investee company
	----------Number of shares----------					---------- (Rupees in '000) ----------			---------- % ----------	
Automobile Assembler										
Atlas Honda Limited	24,360	-	-	24,360	-	-	-	-	-	-
Honda Atlas Cars	-	25,000	-	-	25,000	4,169	4,842	673	0.12	0.02
Millat Tractors Limited	50,550	37,000	6,093	62,750	30,893	21,546	21,815	269	0.53	0.06
Ghandhara Industries Limited	200,800	-	-	188,100	12,700	1,110	1,537	427	0.04	0.03
Indus Motor Company Limited	-	36,420	-	-	36,420	44,227	36,238	(7,989)	0.88	0.05
									1.57	**0.16**
Automobile Parts & Accessories										
Agriauto Industries Limited (Face value of Rs.5)	-	63,000	-	-	63,000	13,212	11,466	(1,746)	0.28	0.22
Thal Limited (Face value of Rs. 5)	-	137,400		137,400	-	-	-	-	-	-
									0.28	**0.22**
Commercial Bank										
Bank Islami Pakistan Limited	-	5,025,000	-	4,500,500	524,500	5,658	3,965	(1,693)	**0.10**	**0.05**
Cement										
D.G Khan Cement Company Limited	477,800	1,430,500	-	1,277,800	630,500	50,448	53,801	3,353	1.30	0.14
Lucky Cement Limited	792,456	197,900	-	345,000	645,356	250,005	297,883	47,878	7.21	0.20
Pioneer Cement Company Limited	2,600	-	-	2,600	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	354,062	2,796,052	-	2,004,000	1,146,114	29,823	29,776	(47)	0.72	0.10
Kohat Cement Company Limited	658,820	330,000	-	270,000	718,820	57,793	98,802	41,009	2.39	0.36
Attock Cement Pakistan Limited	20,500	-	-	20,000	500	36	62	26	-	-
Cherat Cement Company Limited	-	1,155,500	10,000	655,000	510,500	40,042	44,500	4,458	1.08	0.26
Fauji Cement	-	3,625,000	-	1,895,000	1,730,000	29,023	29,202	179	0.71	0.13
									13.41	**1.19**
Chemical										
Engro Polymer & Chemicals Limited	1,976,709	4,382,500	-	2,978,500	3,380,709	97,549	84,450	(13,099)	2.04	0.37
ICI Pakistan Limited	205,820	7,000	-	300	212,520	112,786	147,640	34,854	3.57	0.23
Sitara Chemical Industries Limited	36,600	-	-	-	36,600	11,195	10,142	(1,053)	0.25	0.17
Lotte Chemical Pakistan Limited	-	820,000	-	500,000	320,000	2,973	3,184	211	0.08	0.02
Sitara Peroxide Limited	-	816,500	-	-	816,500	16,330	16,663	333	0.40	1.48
Ittehad Chemical Limited	-	279,500	-	-	279,500	7,851	7,365	(486)	0.18	0.33
Ghani Global Holdings (formerly Ghani Gases Limited)	-	250,000	-	-	250,000	4,099	3,933	(166)	0.10	0.16
									6.62	**2.76**

Name of the investee company	As at 01 July 2019	Purchased during the year	Bonus / Rights issue during the year	Sales during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Unrealised (loss) / gain as at 30 June 2020	Market value as a percentage of net assets of sub-fund	Percentage of paid-up capital of investee company
	----------Number of shares----------					---------- (Rupees in '000) ----------			---------- % ----------	
Engineering										
K.S.B Pumps Company Limited	67,500	-	-	66,700	800	81	115	34	-	0.01
International Steels Limited	359,100	770,000	-	634,100	495,000	22,397	25,567	3,170	0.62	0.11
International Industries Limited	209,500	662,000	50	649,000	222,550	23,644	20,415	(3,229)	0.49	0.17
Amreli Steels Limited	-	250,000	-	250,000	-	-	-	-	-	-
Mughal Iron & Steel Industries	-	282,500	-	125,000	157,500	4,935	6,281	1,346	0.15	0.06
									1.26	**0.35**
Fertilizer										
Engro Corporation Limited (note 5.1.1)	1,473,120	51,000	-	272,700	1,251,420	333,900	366,566	32,666	8.87	0.22
Engro Fertilizers Limited	3,063,000	634,000	-	775,000	2,922,000	188,239	176,138	(12,101)	4.26	0.22
Dawood Hercules Corporation Limited	-	54,000	-	50,000	4,000	542	512	(30)	0.01	-
Fatima Fertilizer	-	25,000	-	-	25,000	718	668	(50)	0.02	
									13.16	**0.44**
Food and Personal Care Products										
National Foods Limited (Face value of Rs. 5)	100,000	-	3,680	101,600	2,080	319	521	202	0.01	-
Al-Shaheer Corporation Limited	33,160	-	-	-	33,160	418	379	(39)	0.01	0.02
At- Tahur Limited	8,318	-	831	-	9,149	164	158	(6)	-	0.01
									0.02	**0.03**
Glass & Ceramics										
Ghani Glass Limited	-	613,000	-	-	613,000	32,315	25,225	(7,090)	0.61	0.11
Tariq Glass Industries	382,600	100,000	64,300	304,000	242,900	14,457	15,672	1,215	0.38	0.22
									0.99	**0.33**
Leather & Tanneries										
Bata Pakistan	-	8,740	-	-	8,740	11,900	11,739	(161)	**0.28**	**0.12**
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	2,965,300	1,310,000	-	1,419,100	2,856,200	336,648	311,326	(25,322)	7.54	0.07
Pakistan Oilfields Limited	802,520	137,000	-	237,000	702,520	273,844	246,325	(27,519)	5.96	0.25
Pakistan Petroleum Limited	2,303,765	1,280,000	413,673	1,310,400	2,687,038	293,149	233,181	(59,968)	5.65	0.10
Mari Petroleum Company Limited	251,440	14,300	24,844	13,000	277,584	258,575	343,274	84,699	8.31	0.21
									27.46	**0.63**

Name of the investee company	As at 01 July 2019	Purchased during the year	Bonus / Rights issue during the year	Sales during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Unrealised (loss) / gain as at 30 June 2020	Market value as a percentage of net assets of sub-fund	Percentage of paid-up capital of investee company
	----------Number of shares----------					---------- (Rupees in '000) ----------			---------- % ----------	
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited	1,335,450	384,200	251,090	941,000	1,029,740	155,425	162,864	7,439	3.94	0.22
Attock Petroleum Limited	68,144	82,000	-	-	150,144	44,802	45,824	1,022	1.11	0.15
Sui Northern Gas Pipelines Limited	2,860,600	-	-	290,000	2,570,600	178,631	140,355	(38,276)	3.40	0.41
Sui Sourthern Gas Company Limited	142,500	-	-	-	142,500	2,947	1,901	(1,046)	0.05	0.02
Hascol Petroleum Limited	228,638	-	-	226,050	2,588	178	35	(143)	-	-
Shell Pakistan Limited	-	63,900	-	63,900	-	-	-	-	-	-
Hi-Tech Lubricants	-	355,000	-	-	355,000	9,411	10,749	1,338	0.26	0.31
									8.76	**1.11**
Paper and Board										
Packages Limited	209,601	71,700	-	64,600	216,701	67,411	75,241	7,830	1.82	0.24
Cherat Packaging Limited	328,540	4,700	26,554	64,700	295,094	21,883	34,570	12,687	0.84	0.69
Century Paper	-	350,500	-	-	350,500	23,041	25,085	2,044	0.61	0.24
Roshan Packages Limited	-	200,000	-	-	200,000	4,114	4,484	370	0.11	0.14
									3.38	**1.31**
Pharmaceuticals										
AGP Limited	830,000	153,500	-	45,000	938,500	69,300	102,991	33,691	2.49	0.34
GlaxoSmithKline Consumer Healthcare	17,500	95,000	-	-	112,500	30,703	30,564	(139)	0.74	0.10
The Searle Company Limited	530,825	105,500	-	315,000	321,325	49,013	64,018	15,005	1.55	0.15
Highnoon Laboratories Limited	1,760	25,500	2,726	-	29,986	14,101	15,031	930	0.36	0.09
									5.14	**0.68**
Power Generation & Distribution										
The Hub Power Company Limited	3,249,307	924,500	-	302,000	3,871,807	303,541	280,706	(22,835)	6.80	0.30
K-Electric Limited (Face value Rs. 3.5)	26,611,000	3,000,000	-	4,030,500	25,580,500	110,492	76,997	(33,495)	1.86	0.09
									8.66	**0.39**
Textile Composite										
Nishat Mills Limited	532,700	515,000	-	700,000	347,700	25,632	27,124	1,492	**0.66**	**0.10**
Textile Weaving										
Feroze1888 Mills Limited	295,000	-	-	-	295,000	29,757	24,131	(5,626)	**0.58**	**0.08**
Technology & Communication										
Pakistan Telecommunication Company Limited "A"	208,000	-	-	-	208,000	1,720	1,847	127	0.04	0.01
Avanceon Limited	370,500	130,000	13,050	370,000	143,550	3,653	5,076	1,423	0.12	0.07
Systems Limited	253,550	410,000	-	100,000	563,550	60,708	103,513	42,805	2.51	0.46
Netsol Technologies Limited	15,000	105,500	-	65,000	55,500	2,327	2,759	432	0.07	0.06
									2.74	**0.60**

Name of the investee company	As at 01 July 2019	Purchased during the year	Bonus / Rights issue during the year	Sales during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Unrealised (loss) / gain as at 30 June 2020	Market value as a percentage of net assets of sub-fund	Percentage of paid-up capital of investee company
	----------Number of shares----------					---------- (Rupees in '000) ----------			---------- % ----------	
Vanaspati & Allied Industries										
Unity Foods Limited	2,025,669	3,000,000	-	5,012,500	13,169	156	147	(9)	-	**-**
Textile & Apparel										
Interloop Limited	2,713,500	-	-	395,000	2,318,500	102,640	101,829	(811)	**2.47**	**0.27**
Total						**3,907,706**	**4,029,169**	**121,463**		

5.1.1 145,000 shares (2019 : 145,000 shares) of Engro Corporation Limited having market value of Rs. 42.47 million as at June 30, 2020 (2019: Rs. 38.51 million) , have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

5.1.2 The Finance Act 2014,introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold 5 percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to 5 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 Scheme (CIS) through the Trustee 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 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 has been granted by High Court of Sindh (HCS) in favour of CISs.

The Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which were already pending or should 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 of 50% of the tax calculated by the tax authorities for the case continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically in 2019. Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 as a result of which HCS issued an order dated July 15, 2019 whereby the previous stay has been restored. The matter is still pending adjudication and no provision has been recorded or contingent liability has been disclosed in the financial statements as the management is confident that the case will be decided in favor of CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 therefore, bonus shares subsequent to this amendment, issued to the Fund were not withheld by the investee companies.

5.2 Sukuk certificates - At fair value through profit or loss

5.2.1 Held by Debt Sub-Fund

Name of the Security	Note	As at July 01, 2019	Purchases during the year	Sales during the year	Matured during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at June 30, 2020	Unrealised (loss) / gain as at June 30, 2020	Market value as a percentage of Net Assets
		----------Number of certificates----------					---------- (Rupees in '000) ----------			---%---
Property & Real Estate										
Eden Housing Limited	*5.2.1.1*	500	-	-	-	500	-	-	-	-
Leasing Companies										
Security Leasing Corporation Limited II	*5.2.1.1*	154	-	-	-	154	-	-	-	-
Fertilizer										
Fatima Fertilizer Company Limited	*5.2.1.1*	2,820	26,000	-	4,328	24,492	47,832	47,737	(95)	1.50
Banks										
Dubai Islamic Bank Pakistan Limited	*5.2.1.1*	57	-	-	-	57	58,066	58,495	429	1.84
Pharmaceuticals										
AGP Limited	*5.2.1.1*	-	500	-	75	425	20,020	20,029	9	0.63
Power Generation & Distribution	*5.2.1.1*									
K-Electric Limited	*5.2.1.1*	1,200	-	1,200	-	-	-	-	-	-
K-electric Limited	*5.2.3 & 5.2.1.1*	-	8,000			8,000	40,000	40,000	-	1.26
Engro Powergen Thar (Private) Limited	*5.2.1.1*	-	12,000	-	-	12,000	60,000	60,180	180	1.89
The Hub Power Company Limited	*5.2.1.1*	380,000	-	-	380,000	-	-	-	-	-
Pakistan Energy Sukuk I	*5.2.3 & 5.2.1.1*	130,000	10,000	10,000	-	130,000	650,000	650,000	-	20.45
Pakistan Energy Sukuk II	*5.2.3 & 5.2.1.1*	-	80,000	-	-	80,000	400,000	400,000	-	12.59
Cement & Construction										
Javedan Corporation Limited	*5.2.4 & 5.2.1.1*	250	-	-	-	250	24,884	24,999	115	0.79
Steel & Allied Products										
Agha Steels Industries Limited	*5.2.3 & 5.2.1.1*	50	-	-	-	50	50,000	50,000	-	1.57
Chemicals										
Engro Polymer & Chemicals Limited	*5.2.1.1*	250	-	-	-	250	25,117	25,387	270	0.80
Miscellaneous										
Shakarganj Foods Product Limited	*5.2.1.1*	18	-	-	3	15	14,969	15,300	331	0.48
International Brand Limited	*5.2.1.1*	550	-	-	157	393	38,506	38,920	414	1.22
Government Securities										
GOP-Ijarah sukuk XX	*5.2.1.1*	-	1,870	-	-	1,870	187,000	181,390	(5,610)	5.71
GOP-Ijarah sukuk XXI	*5.2.1.1*	-	4,500	-	-	4,500	450,000	451,215	1,215	14.20
Non-Performing Investments	*5.2.5 & 5.2.1.1*						**1,263**	**1,263**	-	
Total							**262,956**	**2,064,915**	**(2,742)**	

5.2.1.1 Significant terms and conditions of Sukuk certificates outstanding as at June 30, 2020 are as follows:

Name of security	Original principal (Rupees per certificate)	Mark-up rate (per annum)	Issue date	Maturity date
Eden Housing Limited	984.38	-	31-Dec-07	31-Dec-12
Security Leasing Corporation Limited II	5,000	-	19-Sep-07	19-Sep-12
Fatima Fertilizer Company Limited	5,000	6 months KIBOR + 1.10%	28-Nov-16	28-Nov-21
Dubai Islamic Bank Pakistan Limited	1,000,000	6 months KIBOR + 0.50%	14-Jul-17	14-Jul-27
AGP Limited	1,000,000	3 months KIBOR + 1.30%	09-Jun-17	09-Jun-22
K-electric Limited	5,000	3 months KIBOR + 1.70%	17-Dec-19	17-Dec-24
Engro Powergen Thar (Private) Limited	5,000	3 months KIBOR + 1.10%	01-Jul-19	01-Jul-24
Pakistan Energy Sukuk I	10,000	6 months KIBOR + 0.80%	01-Mar-19	01-Mar-29
Pakistan Energy Sukuk II	5,000	6 months KIBOR Less base rate of 0.0%	20-May-19	20-May-29
Javedan Corporation Limited	100,000	6 months KIBOR + 1.75%	04-Oct-18	04-Oct-26
Agha Steels Industries Limited	1,000,000	3 months KIBOR + 0.80%	09-Oct-18	09-Oct-24
Engro Polymer & Chemicals Limited	1,00,0000	3 months KIBOR + 0.90%	11-Jan-19	11-Jul-26
Shakarganj Foods Product Limited	1,000,000	3 months KIBOR + 1.75%	10-Jul-18	10-Jul-24
International Brand Limited	100,000	12 months KIBOR + 0.50%	15-Nov-17	15-Nov-21
GOP-Ijarah sukuk XX	100,000	Weighted average yield of 6 months T-Bills	30-Apr-20	30-Apr-25
GOP-Ijarah sukuk XXI	100,000	Weighted average yield of 6 months T-Bills	29-May-20	29-May-25

5.2.2 Held by Money Market Sub-Fund

Name of the Security	*Note*	As at July 01, 2019	Purchases during the year	Sales during the year	Matured during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at June 30, 2020	Unrealised (loss) / gain as at June 30, 2020	Market value as a percentage of Net Assets
		----------Number of certificates----------					' ---------- (Rupees in '000) ----------			---%---
Leasing Companies										
Security Leasing Corporation Limited II January 19, 2022		154	-	-	-	154	-	-	-	-
Power Generation & Distribution										
The Hub Power Company Limited		-	16,000	-	16,000	-	-	-	-	-
The Hub Power Company Limited		-	1,000	-	1,000	-	-	-	-	-
Government Securities										
GOP-Ijarah sukuk XX	*5.2.2.1*	-	1,870	-	-	1,870	187,000	181,390	(5,610)	1.51
GOP-Ijarah sukuk XXI	*5.2.2.1*	-	3,000	-	-	3,000	300,000	300,810	810	2.50
Non-Performing Investments	*5.2.5*						**771**	**771**	-	
Total							**487,771**	**482,971**	**(4,800)**	

5.2.2.1 Significant terms and conditions of Sukuk certificates outstanding as at June 30, 2020 are as follows:

Name of security	Original principal (Rupees per certificate)	Mark-up rate (per annum)	Issue date	Maturity date
GOP-Ijarah sukuk XX	100,000	Weighted average yield of 6 months T-Bills	30-Apr-20	30-Apr-25
GOP-Ijarah sukuk XXI	100,000	Weighted average yield of 6 months T-Bills	29-May-20	29-May-25

5.2.3 These are measured at their initial investment value, as their market values are not available at MUFAP.

5.2.4 The Fund has applied discretionary mark-up on June 29, 2020 to the fair value of the security. Post to discretionary mark-up the price of Javedan Corporation is decreased from Rs. 102.0045 (MUFAP Price) to Rs. 99.9978 per certificate.

5.2.5 The agreement with the Securities Leasing Corporation Limited (SLCL) had been amended on 19 February 2012. In accordance with the revised terms no mark-up is payable on the said sukuk with the approval of the contributories to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 03, 2012. Therefore, in accordance with the requirement of SECP's circular No. 33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy, amount of Rs. 1.542 million in both debt and money market sub fund has also been held as a provision against principal as at June 30, 2020.

On May 6, 2011, Eden Housing sukuk certificates have been classified as non-performing by MUFAP therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 0.492 million has also been held as provision against the outstanding principal as at June 30, 2020.

Following investments of the Fund are in the sukuk which are below 'investment grade' securities:

Non-performing investment	Type of Investment	Cost	Provision held	Net carrying value
		----------(Rupees in '000)----------		
Debt Sub Fund				
Eden Housing Limited	Non-traded sukuk	492	492	-
Security Leasing Corporation Limited II	Non-traded sukuk	771	771	-
		1,263	1,263	-
Money Market Sub Fund				
Security Leasing Corporation Limited II	Non-traded sukuk	771	771	-

5.3 Term deposit receipts - at amortised cost

5.3.1 Held by Debt Sub-Fund

Name of the Bank	Rating	Maturity date	Profit rate per annum	As at July 01, 2019	TDR's placed during the year	Matured during the year	As at June 30, 2020	Market Value as a Percentage of Net Assets
				---------- (Rupees in '000) ----------				---------%--------
Orix Modaraba	AA+	May 08, 2020	13.80%	180,000	-	180,000	-	-
Orix Modaraba	AA+	April 29, 2021	7.84%	-	180,000	-	180,000	5.66
Meezan Bank Limited	AA+	Dec 02, 2019	13.50%	-	450,000	450,000	-	-
				180,000	**630,000**	**630,000**	**180,000**	

5.3.2 Held by Money Market Sub-Fund

Orix Modaraba	AA+	Nov 08, 2019	13.70%	40,000	-	40,000	-	-
Bank Islami Pakistan Limited	A+	July 04, 2019	11.25%	340,000	-	340,000	-	-
Orix Modaraba	AA+	May 08, 2020	13.35%	-	40,000	40,000	-	-
Orix Modaraba	AA+	Oct 29,2020	7.84%	-	40,000	-	40,000	1.29
Meezan Bank Limited	AA+	Dec 02, 2019	13.50%	-	350,000	350,000	-	-
Askari Bank Limited	AA-	April 16,2020	12.65%	-	500,000	500,000	-	-
United Bank Limited	AAA	June 01, 2020	7.50%	-	500,000	500,000	-	-
United Bank Limited	AAA	July 02, 2020	7.35%	-	500,000	-	500,000	16.17
				380,000	**1,930,000**	**1,770,000**	**540,000**	

5.4 Commercial Papers - at amortised cost

5.4.1 Held by Debt Sub-Fund

Name of Company	Note	Maturity Date	As at July 01, 2019	Placements made during the year	Income Accrued	Matured during the year	As at June 30, 2020	Market Value as a Percentage of Net Assets
			---------- (Rupees in '000) ----------					---------%-------
Hascol Petroleum Limited CP	*5.4.1.1*	July 15, 2019	63,716	-	284	(64,000)	-	-
K-electric Limited CP	*5.4.1.2*	Sep 02, 2019	163,803	-	3,197	(167,000)	-	-
K-electric Limited CP	*5.4.1.3*	March 19, 2020	-	148,707	11,293	(160,000)	-	-
K-electric Limited CP	*5.4.1.4*	Oct 05, 2020	-	94,245	2,705	-	96,950	3.05
			227,519	**242,952**	**17,479**	**(391,000)**	**96,950**	

5.4.1.1 This commercial paper has been placed at discount at a rate of 12.26% (6 months kibor plus 1.5%) and is being amortised over a period of 181 days.

5.4.1.2 This commercial paper has been placed at discount at a rate of 11.75% (6 months kibor plus 0.9%)and is being amortised over a period of 185 days.

5.4.1.3 This commercial paper has been placed at discount at a rate of 15.23% (6 months kibor plus 1.3%)% and is being amortised over a period of 182 days.

5.4.1.4 This commercial paper has been placed at discount at a rate of 12.18% (6 months kibor plus 1.15%)% and is being amortised over a period of 185 days.

5.4.2 Held by Money Market Sub-Fund

Name of Company	Note	Maturity Date	As at July 01, 2019	Placements made during the year	Income Accrued	Matured during the year	As at June 30, 2020	Market Value as a percentage of Net Assets
			---------- (Rupees in '000) ----------					---------%-------
Hascol Petroleum Limited CP	*5.4.2.1*	July 15, 2019	79,645	-	355	(80,000)	-	-
K-electric Limited CP	*5.4.2.2*	Sep 02, 2019	63,756	-	1,244	(65,000)	-	-
K-electric Limited CP	*5.4.2.3*	March 19, 2020	-	99,448	7,552	(107,000)	-	-
K-electric Limited CP	*5.4.2.4*	Oct 05, 2020	-	131,943	3,787	-	135,730	4.39
			143,401	**231,391**	**12,938**	**(252,000)**	**135,730**	

5.4.2.1 This commercial paper has been placed at discount at a rate of 12.26% (6 months kibor plus 1.5%) and is being amortised over a period of 181 days.

5.4.2.2 This commercial paper has been placed at discount at a rate of 11.75% (6 months kibor plus 0.9%) and is being amortised over a period of 185 days.

5.4.2.3 This commercial paper has been placed at discount at a rate of 15.23% (6 months kibor plus 1.3%) and is being amortised over a period of 182 days.

5.4.2.4 This commercial paper has been placed at discount at a rate of 12.18% (6 months kibor plus 1.15%) and is being amortised over a period of 185 days.

5.5 Investment in gold

	As at July 01, 2019	Purchases during the year	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain as at June 30, 2020	Market Value as a Percentage of Net Assets
	'---------- (Quantity in Tola) ----------				'---------- (Rupees'000) ----------			%
Tola Gold	863	120	57	926	**77,271**	**97,926**	**20,655**	0.82
Total	**863**	**120**	**57**	**926**	**77,271**	**97,926**	**20,655**	

5.5.1 The Pakistan Mercantile Exchange (PMEX) delivers refined Gold in 10 TOLA Bars. These are physically held by PMEX.

5.5.2 The investment in gold of Rs. 97.926 million has been measured at fair value based on the quoted market price in active markets.

6. DEPOSITS AND OTHER RECEIVABLES

	2020					2019
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
	(Rupees in '000)					
Security deposits	**2,600**	**100**	**100**	**-**	**2,800**	2,800
Profit receivable on saving accounts with banks and Term Deposits	**2,513**	**6,144**	**10,614**	**10**	**19,281**	39,689
Profit receivable on sukuks certificates	**-**	**48,359**	**4,182**	**-**	**52,541**	40,606
Advance tax	**4,747**	**-**	**-**	**-**	**4,747**	4,747
	9,860	**54,603**	**14,896**	**10**	**79,369**	87,842

7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED (Al Meezan) - PENSION FUND MANAGER

	Note	2020					2019
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
		(Rupees in '000)					
Management remuneration	*7.1*	**697**	**539**	**518**	**20**	**1,774**	11,045
Sindh Sales Tax on management fee	*7.2*	**91**	**70**	**67**	**3**	**231**	1,435
		788	**609**	**585**	**23**	**2,005**	12,480

7.1 As per rule 11 of the Voluntary Pension System Rules, 2005, Al Meezan Investment Management Limited, the Pension Fund Manager of the Fund is allowed to charge an annual management fee of 1.5% (June 30, 2019: 1.5%) of the average of the values of the net assets of each of the Sub-Fund calculated for determining the prices of the units of the Sub-Funds. Accordingly, the management fee has been accrued at 1.5% per annum of the average daily net assets of the Sub-Funds.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2019: 13%) on the remuneration of the Management Company through Sindh Sales Tax Act, 2011 effective from July 01, 2011.

8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2020					2019
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Total	Total
		(Rupees in '000)					
Trustee fee	*8.1*	277	209	204	7	697	633
Sindh Sales Tax on Remuneration of the Trustee	*8.2*	36	27	27	1	91	82
		313	**236**	**231**	**8**	**788**	715

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed in accordance with the tariff specified therein, based on the daily net assets of the sub-funds.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2020 is as follows:

Average net asset value	Tariff per annum
Amount up to Rs. 1 billion	Rs. 0.3 million or 0.15% p.a of net asset value, whichever is higher
Amount exceeding Rs. 1 billion up to Rs. 3 billion	Rs. 1.5 million plus 0.10% p.a of net asset value exceeding Rs. 1 billion
Amount exceeding Rs. 3 billion up to Rs. 6 billion	Rs. 3.5 million plus 0.08% p.a of net asset value exceeding Rs. 3 billion
Amount exceeding Rs. 6 billion	Rs. 5.9 million plus 0.06% p.a of net asset value exceeding Rs. 6 billion

8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on the remuneration of the Trustee through Sindh Sales Tax Act, 2011 effective from July 01, 2011.

9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the rule 36 of the VPS Rules whereby the Fund is required to pay SECP an amount equal to one thirtieth of 1% of average annual net asset value of the Fund.

10. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2020 Equity-sub fund	Debt-sub fund	Money Market sub-fund	Gold sub-fund	Total	2019 Total
		(Rupees in '000)					
Provision for Sindh Workers' Welfare Fund	12	**42,898**	**16,166**	**10,103**	**921**	**70,088**	52,848
Federal Excise Duty on remuneration of the Pension Fund Manager	10.1	**15,436**	**8,816**	**2,449**	**-**	**26,701**	26,701
Sindh Sales Tax on Federal Excise Duty on remuneration of the Pension Fund Manager	10.2	**1,800**	**962**	**242**	**-**	**3,004**	3,004
Amount received against units to be issued	10.4	**17,112**	**20,318**	**24,771**	**510**	**62,711**	-
Charity payable	10.3	**5,630**	**-**	**-**	**-**	**5,630**	4,225
Brokerage payable		**4,092**	**67**	**-**	**-**	**4,159**	3,139
Custodian Charges Payable		**-**	**-**	**-**	**238**	**238**	107
		86,968	**46,329**	**37,565**	**1,669**	**172,531**	90,024

10.1 Federal Excise Duty on remuneration of the Pension Fund Manager

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Pension Fund Manager has been applied effective from June 13, 2013. The Pension Fund Manager is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on behalf of various Asset Management Companies and CISs.

While disposing the above petition, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Furthermore, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non- Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in Supreme Court of Pakistan, the Pension Fund Manager, as a matter of abundant caution, is carrying provision for FED, aggregating to Rs. 15.436 million, Rs. 8.816 million and Rs. 2.449 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively.

Had the provision not being made, the Net Asset Value per unit as at June 30, 2020 would have been higher by Rs. 1.50 (2019: Rs. 1.42) per unit, Re. 0.73 (2019: Re. 0.74) per unit and Re. 0.20 (2019: Re. 0.27) per unit for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively.

10.2 Sindh Sales Tax on Federal Excise Duty on remuneration of the Pension Fund Manager

It represents provision in respect of Sindh Sales Tax at the rate of 13 percent (2019: 13 percent) on remuneration of the Pension Fund Manager through the Sindh Sales Tax on Services Act, 2011, being Sindh Sales Tax accrued on Federal Excise Duty (FED) on remuneration of the Pension Fund Manager as fully explained in note 10.1 above.

10.3 Charity payable

According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of such investees has been made in shariah non-compliant avenues, such proportion of income of the Fund from those investees should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 5.63 million (2019: Rs. 4.23 million) is outstanding in this regard after making charity payments of Rs 3.8 million (2019: Rs 3.7 million) to renowned charitable institutions. None of the directors of the Pension Fund Manager of the Fund were interested in any of donee's.

10.4 This represents net amount received in collection account of the Fund on 30 June 2020. The units against which were processed subsequent to the yearend.

11 PRICE ADJUSTMENT CHARGES

Securities and Exchange Commission of Pakistan (SECP) vide letter No. SCD/PRDD/VPS/AIML/O1/2018 dated January 01, 2018 permit the Fund to charge price adjustment charges. Price Adjustment Charges (PAC)" means difference between the offer price and the bid price from the closing price of the Gold transactions (Contract) available at PMEX, which shall be added to and deducted from the NAV of the Gold sub fund to determine offer price and redemption price respectively. Such charges shall form part of Fund Property.

Currently, PAC added / Deducted to / from Nav of Gold sub fund to determine offer/ redemption price is 1% of NAV. These are included in other income.

12 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgment on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgment of the SCP.

Furthermore, 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 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. However, it may be stated that under Companies Act, 2017, mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In the view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP has recommended that as a matter of abundant caution provision in respect of SWWF should be made on prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

In the current year, SWWF recognized in all funds. Had the provision for SWWF not been recorded in these financial statements of the Fund , the net asset value of the Fund as at June 30, 2020 would have been higher by Rs. 4.16 per unit (June 30, 2019: Rs. 3.52 per unit), Rs. 1.33 per unit (June 30, 2019: Re. 0.82 per unit) and Re. 0.84 per unit (June 30, 2019: Re. 0.50 per unit) and Re. 1.22 per unit (June 30, 2019: Re. 0.76 per unit) for Equity Sub-Fund, Debt Sub-Fund, Money Market Sub-Fund and Gold Sub-Fund respectively.

13. CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments outstanding as at June 30, 2020 and 30 June 2019.

14. AUDITORS' REMUNERATION

	2020					2019
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
	---------- (Rupees in '000) ----------					
Audit fee	96	96	96	97	385	328
Half yearly review	31	31	31	31	124	132
Out of pocket expenses	2	2	2	2	8	8
	129	129	129	130	517	468

15. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

15.1 Connected persons and related parties include Al Meezan Investment Management Limited being the Pension Fund Manager, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Pension Fund Manager, Directors and executives of the Pension Fund Manager, other collective investment schemes managed by the Pension Fund Manager, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Pension Fund Manager due to common directorship, post employment benefit funds of the Pension Fund Manager and unit holders holding ten percent or more of the Sub-Fund's net assets.

15.2 The transactions with connected persons are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.

15.3 Remuneration of the Pension Fund Manager is determined in accordance with the provisions of the provisions of VPS Rules, 2005 and the Trust Deed.

15.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

15.5 Amount outstanding as at year end are as follows:

	2020					2019
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
	---------- (Rupees in '000) ----------					
Al Meezan Investment Management Limited (Al Meezan) - Pension Fund Manager						
Remuneration payable	**697**	**539**	**518**	**20**	**1,774**	11,045
Sindh Sales Tax on management fee	**91**	**70**	**67**	**3**	**231**	1,435
Investments as at June 30, 2020: (Equity sub fund: 260,077 units; Gold Sub Fund: 300,000) as at June 30, 2019 (Equity sub fund: 260,077 units; Gold Sub Fund: 300,000 units)	**104,069**	**-**	**-**	**47,516**	**151,585**	137,344
Meezan Bank Limited (MBL)						
Bank balance	**55,958**	**26,825**	**27,209**	**22,060**	**132,052**	41,165
Profit receivable on saving account	**163**	**25**	**22**	**-**	**210**	504
Central Depository Company of Pakistan Limited (CDC) - Trustee						
Trustee fee payable	**277**	**209**	**204**	**7**	**697**	632
Sindh Sales Tax on trustee fee payable	**36**	**27**	**27**	**1**	**91**	83
Deposits	**100**	**100**	**100**	**-**	**300**	300
Directors and Executives of the Pension Fund Manager						
Investments as at June 30, 2020: (Equity sub fund: 1,083,499 units; Debt Sub Fund: 591,502 units; Money Market Sub Fund: 198,447 units; Gold Sub Fund: 209,972 Units) as at June 30, 2019: (Equity sub fund: 1,221,616 units; Debt sub fund: 459,033 units; Money Market sub fund: 93,032 units; Gold Sub Fund : 226,401 units)	**433,560**	**154,922**	**51,069**	**33,257**	**672,808**	620,970

15.6 Detail of transactions with connected person and related parties are as follow:

	2020					2019
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
	---------- (Rupees in '000) ----------					
Al Meezan Investment Management Limited (Al Meezan) - Pension Fund Manager						
Remuneration for the year	**60,391**	**43,463**	**39,574**	**1,494**	**144,922**	139,625
Sindh Sales Tax on management fee	**7,851**	**5,650**	**5,145**	**194**	**18,840**	18,151
Meezan Bank Limited (MBL)						
Profit on savings account	**5,262**	**374**	**1,782**	**1,047**	**8,465**	5,391
Term deposit receipt placed	**-**	**450,000**	**350,000**	**-**	**800,000**	-
Profit on term deposit receipt	**-**	**15,645**	**12,168**	**-**	**27,813**	-
Central Depository Company of Pakistan Limited (CDC) - Trustee						
Remuneration for the year	**3,373**	**2,431**	**2,211**	**84**	**8,099**	7,885
Sindh Sales Tax on trustee fee	**438**	**316**	**287**	**11**	**1,052**	1,026
CDS Charges for the year	**173**	**75**	**7**	**-**	**255**	243
Directors and Executives of the Pension Fund Manager						
Units issued (Equity Sub Fund: 986,857 units; Debt Sub Fund: 1,200,744 units; Money Market Sub Fund: 700,554 units; Gold sub fund: 32,296 units)	**347,316**	**287,568**	**166,452**	**4,641**	**805,977**	203,215
Units redeemed / reallocated (Equity Sub Fund 1,124,974 units; Debt Sub Fund: 1,068,275 units; Money Market Sub Fund: 595,138 units; Gold sub fund: 14,377 units)	**389,435**	**255,652**	**141,422**	**1,947**	**788,456**	24,279

16 FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The risk management policy of the Fund aims to maximise the return attributable to the participants and seeks to minimise potential adverse effects on the Fund's financial performance.

Risk of the Funds is being managed by the Pension Fund Manager in accordance with the approved policies of the Investment Committee which provide broad guidelines for management of risk pertaining to market risks (including price risk and interest rate risk), credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the VPS Rules and the directives issued by SECP.

Risks managed and measured by the Fund are explained below:

16.1 Market risk

16.1.1 Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, industry environment and / or the economy in general.

The Pension Fund Manager's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to provide the maximum return to the participants from investment in Shariah compliant investments for the given level of risks. The Fund's market risk is managed on a daily basis by the Pension Fund Manager in accordance with the policies and procedures laid down by the SECP. The funds are allocated among various asset classes based on the attractiveness of the particular asset class. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio. The market risk is managed by monitoring exposure to marketable securities, and by complying with the internal risk management policies and regulations laid down in VPS Rules and directives issued by the SECP.

The Fund's overall market positions are monitored on a quarterly basis by the board of directors of the Pension Fund Manager.

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in note 5 to these financial statements. At June 30, 2020 the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the Karachi Meezan Index - 30 (KMI). The Fund's policy is to concentrate the investment portfolio in sectors where management believes that the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

In case of 5% increase / decrease in fair value on June 30, 2020, the net income for the year would increase / decrease by Rs. 201.458 million (net off SWWF) (2019: Rs. 196.053 million) and net assets of the Fund would increase / decrease by the same amount. The sensitivity analysis is based on the Fund's equity security as at the reporting date with all other variables held constant.

16.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

a) Sensitivity analysis for variable rate instruments

Presently the Debt Sub-Fund and Money Market Sub-Fund hold KIBOR based debt securities, exposing the Sub-Funds to cash flow in interest rate risk. However, Eden Housing Limited and Security Leasing Corporation Limited II are non-performing assets and have been fully provided for, with their markup not being recognised.

Change in base points	**2020**			2019		
	Effect on net income			Effect on net income		
	Debt Sub-Fund	**Money Market Sub-Fund**	**Total**	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)					
100	**21,606**	**6,179**	**27,785**	13,173	2,234	15,407
(100)	**(21,606)**	**(6,179)**	**(27,785)**	(13,173)	(2,234)	(15,407)

The composition of the Fund's investment portfolio and rates announced by the Financial Market Association of Pakistan for the Government Ijarah Sukuks is expected to change over time. Therefore, the sensitivity analysis prepared as of 30 June 2020 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

b) Sensitivity analysis for fixed rate instruments

The fixed interest rate profile of the Fund's interest-bearing financial instruments as reported to the management of the Fund is as follows.

	Note	**Carrying amount**	
		2020	2019
		(Rupees in 000)	
Savings accounts	*4*	**2,938,348**	3,305,427
Term deposit receipts	*5*	**720,000**	220,000
		3,658,348	3,525,427

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on the settlement date.

	Note	As at 30 June 2020				
		Effective yield / interest rate	Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk	Total
			Up to three months	More than three months and up to one year	More than one year	
			(Rupees in '000)			
On-balance sheet financial instruments						
Financial assets						
Bank balances	4	3% to 13.75%	2,938,348	-	-	66,449	3,004,797
Investments - at fair value through profit or loss							
- Listed equity securities	5.1		-	-	-	4,029,169	4,029,169
- Sukuk certificates	5.2		-	2,545,852	-	-	2,545,852
Investments - at amortised cost							
- Term deposit receipts	5.3		-	-	-	720,000	720,000
- Commercial papers	5.4		-	232,680	-	-	232,680
Receivable against sale of investments			-	-	-	9,999	9,999
Deposits and other receivables						74,622	74,622
Dividend receivable			-	-	-	8,284	8,284
			2,938,348	2,778,532	-	4,908,523	10,625,403
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Pension Fund Manager			-	-	-	1,774	1,774
Payable to Central Depository Company of Pakistan Limited - Trustee			-	-	-	697	697
Payable to auditors			-	-	-	253	253
Payable against purchase of investments			-	-	-	9,989	9,989
Payable against withdrawal / change of plan			-	-	-	18,594	18,594
Accrued expenses and other liabilities			-	-	-	10,027	10,027
			-	-	-	41,334	41,334
On-balance sheet gap			2,938,348	2,778,532	-	4,867,189	10,584,069
Off-balance sheet financial instruments			-	-	-	-	-
Off-balance sheet gap			-	-	-	-	-
Total interest rate sensitivity gap			2,938,348	2,778,532	-		
Cumulative interest rate sensitivity gap			2,938,348	5,716,880	5,716,880		

	Note	As at June 30, 2019				
		Effective yield / interest rate	Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk	Total
			Up to three months	More than three months and up to one year	More than one year	
			(Rupees in '000)			
On-balance sheet financial instruments						
Financial assets						
Bank balances	4	3.00% to 12.50%	3,305,427	-	-	1,295	3,306,722
Investments - at fair value through profit or loss			-	-	-		-
- Listed equity securities	5		-	-	-	3,921,054	3,921,054
- Sukuk certificates		KIBOR + 2.25%, 6.13% to 12.80%	-	1,169,800	-	-	1,169,800
Investments - at amortised cost							
- Term deposits receipts			-	-	-	220,000	220,000
- Commercial paper			-	370,899		-	370,899
Receivable against sale of investments (net)			-	-	-	3,698	3,698
Deposits and other receivable			-	-	-	83,095	83,095
Dividend receivable						15,260	15,260
Receivable against change of plan / change of fund manager / issuance of units			-	-	-	14,759	14,759
			3,305,427	1,540,699	-	4,259,161	9,105,287
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Pension Fund Manager			-	-	-	11,045	11,045
Payable to Central Depository Company of Pakistan Limited - Trustee			-	-	-	633	633
Payable to auditors			-	-	-	252	252
Payable against purchase of investments (net)			-	-	-	17	17
Payable against withdrawal / change of plan			-	-	-	24,345	24,345
Accrued expenses and other liabilities			-	-	-	7,471	7,471
			-	-	-	43,763	43,763
On-balance sheet gap			3,305,427	1,540,699	-	4,215,398	9,061,524
Off-balance sheet financial instruments			-	-	-	-	-
Off-balance sheet gap			-	-	-	-	-
Total interest rate sensitivity gap			3,305,427	1,540,699	-		
Cumulative interest rate sensitivity gap			3,305,427	4,846,126	4,846,126		

16.1.3 Currency risk

Currency risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

16.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted.

Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, dividends receivable on equity securities, receivable against sale of investments and other deposits.

Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The credit rating wise analysis of investment in debt instruments has been tabulated as follows:

	2020				2019			
	Debt sub fund		**Money market sub fund**		Debt sub fund		Money market sub fund	
	(Rs. in '000)	**(%)**	**(Rs. in '000)**	**(%)**	(Rs. in '000)	(%)	(Rs. in '000)	(%)
Government guaranteed	**1,682,605**	**72%**	**482,200**	**42%**	-	-	-	-
AAA	**-**	**-**	**500,000**	**43%**	-	-	-	-
AA+	**40,000**	**2%**	**40,000**	**3%**	-	-	-	-
AA-	**131,231**	**6%**	**-**	**-**	180,000	14%	40,000	33%
AA	**244,307**	**10%**	**-**	**-**	1,089,800	86%	80,000	67%
A+	**20,029**	**1%**	**-**	**-**	-	-	-	-
A	**125,480**	**5%**	**-**	**-**	-	-	-	-
A-1+	**96,950**	**4%**	**135,730**	**12%**	-	-	-	-
	2,340,602	**100%**	**1,157,930**	**100%**	1,269,800	100%	120,000	100%

Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. Credit risk on dividend receivable is minimal due to statutory protection. Further, all transactions in securities are executed through approved brokers, thus the risk of default is considered to be minimal. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimizes the credit risk. In accordance with the risk management policy of the Fund, the Fund manager monitors the credit position on a daily basis which is reviewed by the Board of Directors on a quarterly basis.

Credit Rating wise analysis of balances with banks of the Fund are tabulated below:

	Rating agency	**2020**	
		(Rs. in '000)	**(%)**
AAA	VIS / PACRA	**1,345,564**	**46.00%**
AA+	VIS / PACRA	**170,049**	**4.00%**
AA-	VIS / PACRA	**541**	**0%**
AA	VIS / PACRA	**559,270**	**18%**
A+	VIS / PACRA	**729,025**	**32%**
A	VIS / PACRA	**200,348**	**0%**
		3,004,797	**100%**

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentration of credit risk.

The maximum exposure to credit risk as at June 30, 2020 along with comparative is tabulated below:

Financial assets exposed to credit risk	**2020**	2019
	(Rupees in '000)	
Bank balances	**3,004,797**	3,306,722
Investments	**1,333,727**	1,762,733
Receivable against sale of investments	**9,999**	3,698
Dividend receivable	**8,284**	15,260
Deposits and other receivables	**74,622**	83,095
Receivable against change of plan / change of fund manager	**-**	14,759
	4,431,429	5,186,267

The Fund does not have any collateral against any of the aforementioned assets. The issuer of the sukuks, however, pledged security to the investment agent in trust for the benefit of sukuk holders.

16.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting participant's early redemptions at any time. The Fund's investment are considered to be readily realisable.

In accordance with the rule 28 (2) of the VPS Rules, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding ninety days to the extent of fifteen per cent of the net assets value of the Fund. However, no such borrowing has been obtained during the year.

In accordance with the risk management policy of the Fund, the investment committee monitors the liquidity position which is reviewed by the Board of Directors of the Pension Fund Manager.

An analysis of the Fund's financial liabilities into relevant maturity grouping as at June 30, 2020 and June 30, 2019 is tabulated below:

	2020				
	Maturity up to				**Total**
	Three months	**Six months**	**One year**	**More than one year**	
	(Rupees in '000)				
Payable to Pension Fund Manager	**1,774**	**-**	**-**	**-**	**1,774**
Payable to Trustee	**697**	**-**	**-**	**-**	**697**
Payable to auditors	**253**	**-**	**-**	**-**	**253**
Payable against purchase of investments	**9,989**	**-**	**-**	**-**	**9,989**
Payable against withdrawal / change of plan	**18,594**	**-**	**-**	**-**	**18,594**
Accrued expenses and other liabilities	**10,027**	**-**	**-**	**-**	**10,027**
Net assets attributable to redeemable units	**10,520,698**	**-**	**-**	**-**	**10,520,698**
	10,562,032	**-**	**-**	**-**	**10,562,032**

	2019				
	Maturity up to				Total
	Three months	Six months	One year	More than one year	
	(Rupees in '000)				
Payable to Pension Fund Manager	11,045	-	-	-	11,045
Payable to Trustee	633	-	-	-	633
Payable to auditors	252	-	-	-	252
Payable against purchase of investments (net)	17	-	-	-	17
Payable against withdrawal / change of plan	24,345	-	-	-	24,345
Accrued expenses and other liabilities	7,471	-	-	-	7,471
Net assets attributable to redeemable units	9,050,319				9,050,319
	9,094,082	-	-	-	9,094,082

17. PARTICIPANTS' FUND RISK MANAGEMENT

All units and fractions thereof represent an undivided share in the respective sub-fund and rank pari passu as to their rights in the net assets and earnings of that sub-fund. The relevant movem
are shown on the 'statement of movement in participants' sub-funds'.

Each participant has a beneficial interest in the Fund proportionate to the units held by such participant in the respective sub-fund in his individual pension account (IPA). The liability of the participant is limited to the number of units, held by each participant in his IPA. These are only redeemable in case of retirement, premature encashment / redemption, death of the participant, a change of Pension Fund Manager, change of allocation schemes and / or rebalancing of the IPA according to the percentages selected allocation schemes.

In accordance with risk management policies stated in note 16, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet early withdrawal requests, such liquidity being augmented by disposal of investments where necessary.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

For valuation techniques for specific instruments, refer note 3.1.2.2.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Note	Carrying Amounts				Fair Values			
		Amortised cost	At fair value through profit or loss	Financial liabilities measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
June 30,2020		(Rupees in'000)							
Financial assets - measured at fair value									
- Listed equity securities		**-**	**4,029,169**	**-**	**4,029,169**	**4,029,169**	**-**	**-**	**4,029,169**
- Sukuk certificates		**-**	**2,545,852**	**-**	**2,545,852**	**-**	**2,545,852**	**-**	**2,545,852**
		-	**6,575,021**	**-**	**6,575,021**				
Financial assets not measured at fair value									
Bank balances	*18.1*	**3,004,797**	**-**	**-**	**3,004,797**				
Investments					**-**				
- Commercial papers	*18.1*	**232,680**	**-**	**-**	**232,680**				
- Term deposit	*18.1*	**720,000**	**-**	**-**	**720,000**				
Dividend receivable	*18.1*	**8,284**	**-**	**-**	**8,284**				
Deposits and other receivables	*18.1*	**74,622**	**-**	**-**	**74,622**				
Receivable against sale of investments	*18.1*	**9,999**	**-**	**-**	**9,999**				
Receivable against change of plan / change of fund manager / issuance of units	*18.1*	**-**	**-**	**-**	**-**				
		4,050,382	**-**	**-**	**4,050,382**				
		4,050,382	**6,575,021**	**-**	**10,625,403**				
Financial liabilities not measured at fair value									
Payable to Al Meezan Investment Management Limited - Pension Fund Manager	*18.1*	**-**	**-**	**1,774**	**1,774**				
Payable to Central Depository Company of Pakistan Limited - Trustee	*18.1*	**-**	**-**	**697**	**697**				
Payable to auditors	*18.1*	**-**	**-**	**253**	**253**				
Payable against purchase of investments	*18.1*	**-**	**-**	**9,989**	**9,989**				
Payable against withdrawal / change of plan	*18.1*	**-**	**-**	**18,594**	**18,594**				
Accrued expenses and other liabilities	*18.1*	**-**	**-**	**10,027**	**10,027**				
		-	**-**	**41,334**	**41,334**				

		Carrying amount					Fair value			
		Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
30 June 2019	Note	(Rupees in '000)								
Financial assets - measured at fair value										
- Listed equity securities		3,921,054	-	-	-	3,921,054	3,921,054	-	-	3,921,054
- sukuk certificates		1,171,834	-	-	-	1,171,834	-	1,171,834	-	1,171,834
		5,092,888	-	-	-	5,092,888				
Financial assets - not measured at fair value										
Bank balances	*18.1*	-	-	3,306,722	-	3,306,722				
Investments	*18.1*									
Term deposit receipts		220,000				220,000				
Commercial paper		370,899				370,899				
Dividend receivable	*18.1*	-	15,260	-	-	15,260				
Deposits and other receivables	*18.1*	-	83,095	-	-	83,095				
Receivable against sale of investments	*18.1*		3,698			3,698				
Receivable against change of plan / change of fund manager / issuance of units	*18.1*	-	14,759	-	-	14,759				
		590,899	116,812	3,306,722	-	4,014,433				
Total		5,683,787	116,812	3,306,722	-	9,107,321				
Financial liabilities - not measured at fair value										
Payable to Al Meezan Investment Management Limited - Pension Fund Manager	*18.1*	-	-	-	11,045	11,045				
Payable to Central Depository Company of Pakistan Limited - Trustee	*18.1*	-	-	-	633	633				
Payable to auditors	*18.1*	-	-	-	252	252				
Payable against purchase of investments (net)	*18.1*	-	-	-	17	17				
Payable against withdrawal / change of plan	*18.1*	-	-	-	24,345	24,345				
Accrued expenses and other liabilities	*18.1*	-	-	-	3,139	3,139				
		-	-	-	39,431	39,431				

18.1 The Fund has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

19. PERFORMANCE TABLE

	For the year ended 30 June 2020	For the year ended 30 June 2019	Percentage change	For the year ended 30 June 2018	For the year ended 30 June 2017	For the year ended 30 June 2016
	(Rupees in '000')		(%)	(Rupees in '000)		
EQUITY SUB FUND						
Net income / (loss)	**232,998**	(1,268,816)	**(118)**	(1,070,301)	983,882	627,422
Net realised gain / (loss) on sale of investments	**2,777**	(310,877)	**(101)**	(397,392)	262,772	83,000
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss' (net)	**121,463**	(1,116,081)	**(111)**	(759,404)	499,111	443,793
Dividend income	**176,627**	229,481	**(23)**	260,126	189,475	134,962
Profit on savings accounts with banks	**19,004**	17,620	**8**	6,088	10,049	5,324
Transactions in securities						
Purchases	**5,694,416**	2,087,420	**173**	2,450,808	2,904,774	3,050,708
Sales	**5,707,764**	2,316,077	**146**	1,854,015	1,937,982	2,144,252
Total contribution received	**1,432,864**	1,616,733	**(11)**	1,739,581	-	1,390,729
Total net asset value	**4,130,564**	4,086,115	**1**	5,431,850	5,806,229	4,099,339
Net Asset value per unit (Rs.)	**400.1482**	377.5765	**6**	494.8205	592.3200	491.9500
DEBT SUB FUND						
Net income	**313,094**	185,361	**69**	74,278	118,284	85,892
Net realised gain/ (loss) on sale of investments	**200**	(1,418)	**(114)**	(17,356)	103	(4,885)
Unrealised (diminution) / appreciation on 're-measurement of investments at 'fair value through profit or loss'	**(2,742)**	(1,674)	**64**	(11,557)	17,117	10,943
Profit on savings accounts with banks	**144,623**	79,474	**82**	17,532	53,711	15,707
Profit on Term Deposit Receipts	**38,408**	48,300	**(20)**	50,442	22,259	17,720
Profit on Sukuk Certificates and Commercial Paper	**177,836**	109,711	**62**	73,901	53,251	66,385
Transactions in securities						
Purchases	**1,512,914**	2,563,841	**(41)**	249,325	814,971	2,486,333
Sales	**666,869**	3,152,538	**(79)**	(46,183)	813,828	1,853,448
Total contribution received	**1,951,819**	1,434,919	**36**	1,254,161	-	805,986
Total net asset value	**3,178,358**	2,807,052	**13**	11,701,249	11,701,249	1,997,375
Net Asset value per unit (Rs.)	**261.9128**	236.1122	**11**	220.5205	214.5900	204.4800
MONEY MARKET SUB FUND						
Net income	**277,574**	141,302	**96**	28,316	27,952	17,554
Net realised gain / (loss) on sale of investments	**-**	122	**(100)**	(2,953)	-	(1,391)
Unrealised (diminution) / appreciation on 're-measurement of investments at 'fair value through profit or loss'	**(4,800)**	-	**100**	(2,363)	2,931	1,187
Profit on savings accounts with banks	**235,653**	93,200	**153**	15,469	18,530	10,327
Profit on Term Deposit Receipts	**39,451**	32,155	**23**	13,472	2,745	1,245
Profit on Sukuk Certificates and Commercial Paper	**27,450**	15,603	**76**	12,503	7,987	11,973
Transactions in securities						
Purchases	**818,391**	1,177,912	**(31)**	-	285,848	465,848
Sales	**(80,939)**	1,372,165	**(106)**	(177,392)	155,343	603,601
Total contribution received	**2,770,311**	2,701,257	**31**	-	-	225,300
Total net asset value	**3,092,338**	2,072,836	**49**	1,013,598	662,819	453,309
Net Asset value per unit (Rs.)	**257.3454**	234.2456	**10**	218.2775	212.1800	203.2300
GOLD SUB FUND						
Net income / (loss)	**21,043**	18,682	**13**	5,403	(4,493)	-
Net realised gain on sale of investments	**261**	-	**100**	79	-	-
Unrealised appreciation on investment in gold	**20,655**	17,923	**15**	6,347	(3,112)	-
Profit on savings accounts with banks	**1,073**	349	**207**	133	138	-
Transactions in securities						-
Purchases	**10,757**	10,395	**3**	-	734	-
Sales	**4,704**	-	**100**	866	-	-
Total contribution received	**26,924**	20,322	**32**	-	-	-
Total net asset value	**119,438**	84,316	**42**	49,960	43,243	-
						-
Net Asset value per unit (Rs.)	**158.3880**	130.4834	**21**	101.5719	90.5900	-

Net Asset value per unit (Rs.)	Equity sub fund		Debt sub fund		Money market sub fund		Gold Sub Fund	
	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price
	(Rupees)							
For the year ended June 30, 2020	**294.8513**	**484.3382**	**236.1798**	**261.9128**	**234.3065**	**257.3454**	**128.8130**	**158.3880**
For the year ended June 30, 2019	361.1785	510.7351	220.5925	236.1122	218.3530	234.2456	94.7600	133.8669

20. COMMODITY RISK MANAGEMENT

20.1 Commodity risk

Commodity risk represents the accounting loss that would be recognised at the reporting date due to change in the future market values and the size of the future income, caused by fluctuations in the price of commodities.

Commodity risk arises on the fair value or future cash flows of a commodity will fluctuate because of the decrease / increase in the price of the gold contract quoted on Pakistan Mercantile Exchange (PMEX).

21. TAXATION

The income of the Fund is exempt from income tax under clause 57(3) (viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision has been made for current and deferred taxation in these financial statements.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV to the Second Schedule of the Income Tax Ordinance, 2001. Accordingly, Supertax and any other taxes introduced in Finance Act, 2015 is also not applicable on the Fund.

22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **August 13, 2020** by the Board of Directors of the Pension Fund Manager.

23. GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

_____	_____	_____
Chief Executive	**Chief Financial Officer**	**Director**

BRANCH NETWORK

FTC Branch, Karachi:
Ground Floor, Finance and Trade Centre, Shahrah-e-Faisal, Karachi
Tel: (92-21) 111-633-926, 35630722-26

Sales Hub, Karachi:
Banglow # 43-5-E/2, Shah Abdul Latif Road, PECHS Block 6, Karachi.
Tel: (92-21) 34559262-5

North Nazimabad Branch, Karachi:
Shop # G-1, G-2, Ground Floor, Ajwa Residency, B-1, Block-L, North Nazimabad, Karachi
Tel: (92-21) 36641491-4

Bahadurabad Branch, Karachi:
Shop # 4, Ground floor, Adam Arcade, B.M.C.H Society, Shaheed-e-Millat Road, Block #3, Karachi
Tel: (92-21) 34923112-6

DHA Branch, Karachi:
Shop # 01 Ground Floor, Sunset Commercial St-02, Khayaban e Jami, Near Baitussalam Masjid, Phase IV, D.H.A Karachi.
Tel: (92-21) 35802411-4

Gulshan-e-Iqbal Branch, Karachi:
Shop # 02, Ground Floor, Shelozon Center, Block 15, Gulshan-e-Iqbal Karachi.
Tel: (92-21) 34990491-4

Site Area Branch, Karachi:
Shop # 05,plot # B/9-D,Main Estate Avenue, Site Area Karachi.
Tel: (92-21) 32570051-4

DHA, Badar Commercial Branch, Karachi:
Plot # 8C, Shop # 03 , Street # 10, Badar Commercial, DHA phase V, Karachi.
Tel: (92-21) 35171381-4, 021-37131680-1, 021-37131683-4

Gulistan-e-Jauhar Branch, Karachi:
Plot # B11, Shop # 06, Ground Floor, Alam Shah Bukhari Apartment (Right Opposite Hilltop Banquet Hall), Block -19, Gulistan-e-Jauhar, Karachi.
Tel: (92-21) 34187181-84

Clifton Branch, Karachi:
Shop # 3, ground Floor, Plot # D-39 , Tabba Tower Gizri Road, Karachi
Tel: (92-21) 35155219, 021-35155220, 021-35155221

Hyderabad Branch:
Shop # A-1 , 1 & 2, Mezzanine Floor Shifa Heaven, Main Auto Bhan Road Hyderabad
Tel:(92-22) 3821277-80

Gulberg Branch, Lahore:
Ground Floor, Leeds Centre, Gulberg III, Main Boulevard, Lahore
Tel: (92-42) 111-633-926, 042-35783608-12, 042-32560548

DHA Branch, Lahore:
1st Floor, Meezan Bank T Block Branch, Plot No. 7, CCA-2, T Block, Phase II, DHA Lahore.
Tel: (92-42) 35747060-3, 042-32560125

Johar Town Branch, Lahore:
Plot No.39, Block-L, M.A. Johar Town Scheme, Abdul Haq Road, Lahore.
Tel: (92-42) 35290585-6, 042-35290588

Islamabad Branch:
Office No 7 Ground Floor, Buland Markaz Jinnah Avenue Blue Area, Islamabad.
Tel: (92-51) 2801471-73

Rawalpindi Branch:
Plot # 17, Zubair Plaza, 1st Floor, Chaklala Scheme III,Main Commercial Area Rawalpindi Cantt, Rawalpindi.
Tel: (92-51) 5766364-6

Faisalabad Branch:
First Floor, Taj Plaza, Kotwali Road, Faisalabad
Tel: (92-41) 32412371-4

Faisalabad Branch (Susan Road) :
Shop # 27, First Floor Plot # 27, Susan Road Near Chenab Market Faisalabad
Tel: 041-8503267, 041-8503268, 041-8503269, (92-41)5250001

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BRANCH NETWORK

Peshawar Branch:
Office No 6-D , Ground Floor, 6 Saddar Road , Peshawar Cantt, Peshawar.
Tel: (92-91) 5271911-14

Multan Branch:
1st Floor, Meezan Bank Rasheedabad Chowk Branch, Aneesa Plaza Rasheedabad Chowk, Khanewal Road Multan.
Tel: (92- 61) 6305911-5

Abbottabad Branch:
Office No 2, 3rd Floor Zaman Plaza ,Near Ayub Medical Complex ,Mansehra Road, Abbottabad.
Tel: (0992)-414123-24

Gujranwala Branch:
Ground Floor, 387-A, Model Town, Gujranwala
Tel: (92-55) 842205-8

Swat Branch:
Mezzanine Floor, Sultan e Room Plaza, Main G.T Road, Mingora Swat
Tel: (92-946) 714023-6

Sialkot Branch:
Second floor Meezan Bank, Qayum plaza, Aziz Shaheed Road, Sialkot Cant, Sialkot
Tel: (92-52) 4290460-2

Gujrat Branch:
P-1037, Ground Floor, G.T Road, IX Block, Gujrat
Tel: (92-53) 3724766-67

Bahawalpur Branch:
Shop # 27, Ground Floor Liberty Square, Fuji Basti Chowk, Airport Road, Bahawalpur Cantt
Tel: (92-301) 1121912

Quetta Branch:
1st floor Mega Trade Center, Ward No.18, Tappa Urban No.1, Shahrah-e-iqbal,Manan Chowk, Tehsil & District Quetta
Tel:(92-81) 2824156-58

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