



Al Meezan
Investment Management Ltd.

MEEZAN ISLAMIC FUND (MIF)

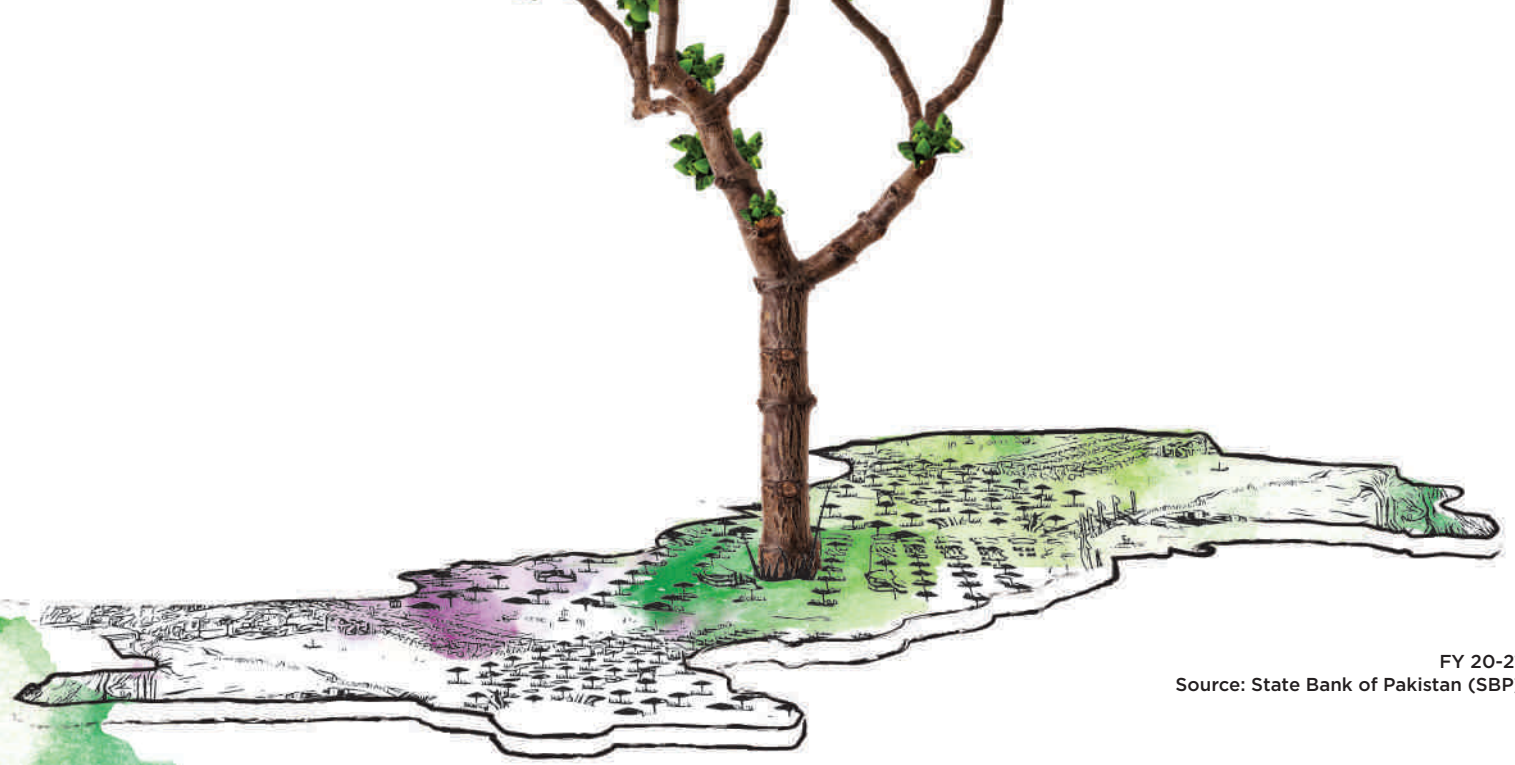
Meezan Islamic Fund seeks to optimize total investor returns by investing in Shariah Compliant equities focusing on both capital gains and dividend income.



PHENOMENAL **GROWTH** IN **FOREIGN** **REMITTANCES**

BY

27.0%



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

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

REPORT OF THE FUND MANAGER

Meezan Islamic Fund (MIF)

Type of Fund
Open end equity fund

Objective

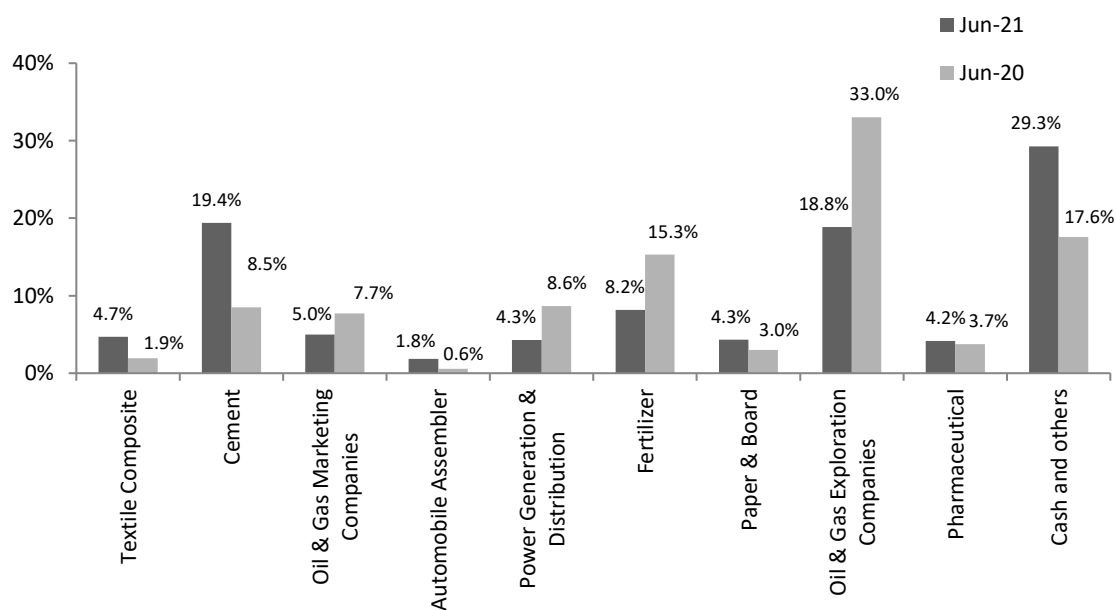
The objective of MIF is to provide optimum returns to the investors from investment in Shariah Compliant stocks for the given level of risk, while abiding by all applicable rules and regulations. Total return refers to the returns from capital gains (realized and unrealized), dividend income and other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

Strategy, Investment Policy and Asset Allocation

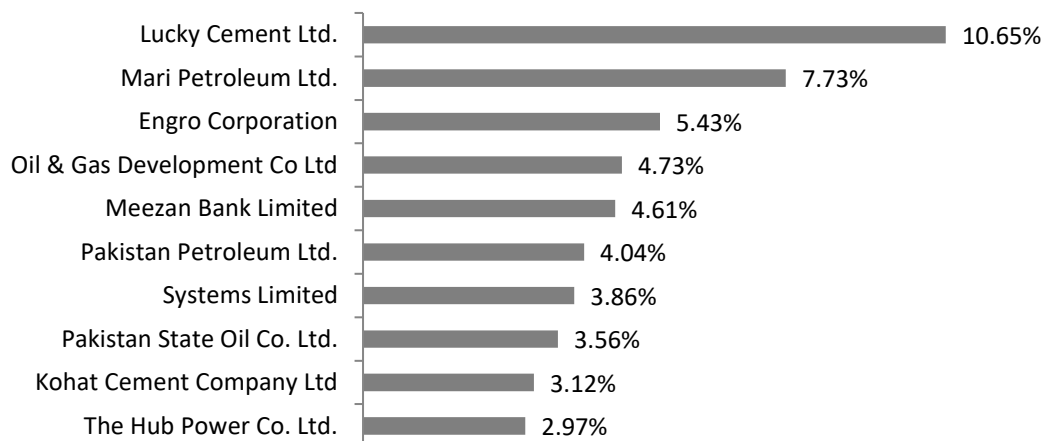
The performance of MIF is linked directly to the performance of equity market. The fund manager, Al Meezan Investment Management Limited, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. To control risk, the exposure in growth stocks is balanced against 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 97.77%. However, it maintained an average exposure close to 95.74% in equities during the year, while closing the period at around 95.95%. The fund raised exposure to the Cement sector significantly during the period under review owing to rebound in economic activity, Exposure to the Oil and Gas Exploration sector was trimmed in line with the theme to move towards sectors benefiting from rising economic activity in the country. As a result, there was also a general trend in liquidating from defensive plays such as Power Generation, Fertilizer and OMCs in addition to Oil Exploration Sector.

Sector Allocation for the year ended FY20 and FY21



Top Holdings

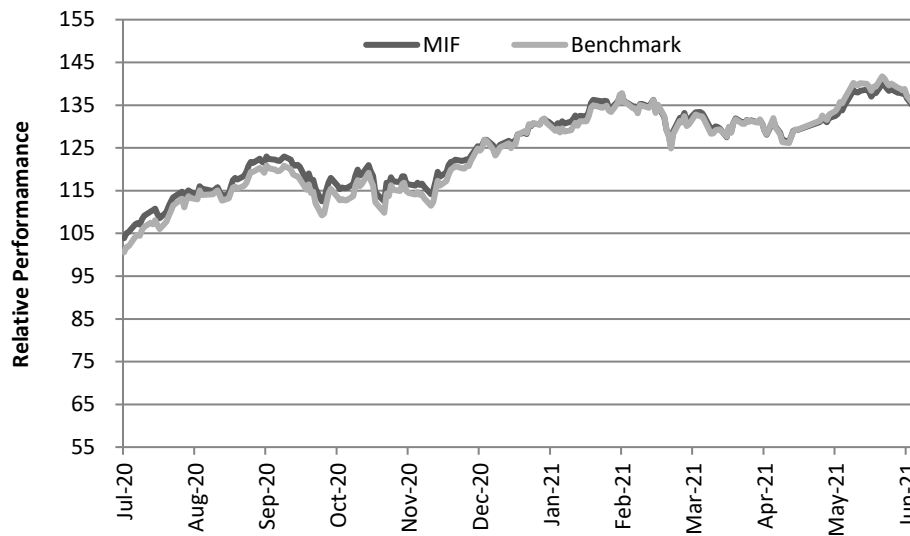


Performance Review

During FY21, Meezan Islamic Fund (MIF) provided a positive return of 35.50% to its investors and KSE Meezan Index (KMI 30) appreciated by 39.32% to close at 76,622 pts.

	MIF	KMI-30
Net Asset Value (NAV) as on June 30, 2020 –Rs.	46.77	54,995
Net Asset Value (NAV) as on June 30, 2021 –Rs.	63.38	76,622
Return During the Period	35.50%	39.32%

MIF posted a total income of Rs. 9,749 million in the fiscal year 2021 as compared to a total income of Rs. 1,363 million last year. Total income comprised of realized gains and unrealized gains on investments of Rs. 1,859 million and Rs. 6,322 million respectively. Dividend income contributed Rs. 1,442 million to income, while profit on saving accounts with banks amounted to Rs. 126 million. After accounting for expenses of Rs. 1,237 million, the Fund posted a net income of Rs. 8,512 million. The net assets of the Fund as at June 30, 2021 were Rs. 34,274 million as compared to Rs. 24,072 million at the end of year depicting an increase of 42%. The net asset value per unit as at June 30, 2021 was Rs. 63.3761 as compared to Rs. 46.7710 per unit as on June 30, 2020.



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, 2021 an amount of Rs. 38 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2021.

Breakdown of unit holdings by size:

(As on June 30, 2021)

Range (Units)	No. of Investors
1 - 9,999	20,789
10,000 - 49,999	3,396
50,000 - 99,999	641
100,000 - 499,999	437
500,000 and above	112
Total	25,375

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.



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

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

Alhamdulillah, the period from July 01, 2020 to June 30, 2021 was the Eighteenth 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, 2021 and their evaluation according to the screening criteria established by us. (December 31, 2020 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Lucky Cement Ltd.	Cement	26.58%	1.36%	2.46%	83.54%	(401.95)	
Mari Petroleum	Oil & Gas Exploration Companies	0.00%	26.87%	3.79%	36%	429.73	1339.82
Engro Corporation Ltd.	Fertilizer	35.22%	25.23%	4.80%	57%	(189.71)	



Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	18.90%	4.74%***	29.95%	100.42	103.77
Meezan Bank Ltd.	Commercial Banks	0.00%	0.00%	0.00%	67%	(675.3)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	14.34%	2.01%	31%	76.47	90.33

- * 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.
*** Total Assets of OGDC are adjusted with non-cash items arising due to the adoption of IFRS 16 'Leases' in respect of sale agreements with HUPL and UCH-II

- ii. On the basis of information provided by the management, all operations of MIF for the year ended June 30, 2021 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

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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 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, 2021 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 16, 2021

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan 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, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer 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, 2021 amounted to Rs 32,886.340 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - 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, 2021 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.



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.

AM: ~



A.F. FERGUSON & CO.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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


Chartered Accountants

Karachi

Date: September 15, 2021



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

		2021	2020
	Note	Rupees in '000	Rupees in '000
Assets			
Balances with banks	5	2,061,391	1,755,340
Investments	6	32,886,340	23,381,047
Receivable against sale of investments		34,569	73,789
Receivable against conversion of units		145,285	82,856
Dividend receivable		84,683	52,314
Advances, deposits and other receivables	7	189,717	13,419
Total assets		35,401,985	25,358,765
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	8	92,487	32,677
Payable to Central Depository Company of Pakistan Limited - Trustee	9	3,314	2,349
Payable to the Securities and Exchange Commission of Pakistan	10	6,201	5,024
Payable against redemption and conversion of units		85,604	116,155
Payable against purchase of investments		70,503	158,826
Dividend payable		-	152,480
Payable to Meezan Bank Limited		1,035	654
Accrued expenses and other liabilities	11	868,818	818,415
Total liabilities		1,127,962	1,286,580
NET ASSETS		34,274,023	24,072,185
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		34,274,023	24,072,185
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		540,803,980	514,682,160
		Rupees	
NET ASSET VALUE PER UNIT		63.3761	46.7710

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

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

	Note	2021	2020
		----- Rupees in '000-----	
Income			
Dividend income		1,442,120	1,074,874
Profit on saving account with banks		125,778	194,252
Realised gain on sale of investments		1,858,907	888,371
		3,426,805	2,157,497
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	6,322,470	(794,988)
Total income		<u>9,749,275</u>	<u>1,362,509</u>
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	620,088	502,387
Sindh Sales Tax on remuneration of the Management Company	8.2	80,611	65,310
Allocated expenses	8.3	32,024	25,119
Selling and marketing expenses	8.4	185,182	100,477
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	32,004	26,119
Sindh Sales Tax on remuneration of the Trustee	9.2	4,161	3,396
Annual fees to the Securities and Exchange Commission of Pakistan	10	6,201	5,024
Auditors' remuneration	13	721	721
Fees and subscription		2,610	2,802
Legal and professional charges		160	160
Brokerage expense		57,167	35,261
Bank and settlement charges		4,189	3,190
Provision for Sindh Workers' Welfare Fund	11.2	173,723	11,221
Charity expense	11.1	37,987	31,482
Total expenses		<u>1,236,828</u>	<u>812,669</u>
Net income for the year before taxation		<u>8,512,447</u>	<u>549,840</u>
Taxation	15	-	-
Net income for the year after taxation		<u><u>8,512,447</u></u>	<u><u>549,840</u></u>
Allocation of net income for the year			
Net income for the year after taxation		8,512,447	549,840
Income already paid on units redeemed		(2,272,229)	(22,945)
		<u>6,240,218</u>	<u>526,895</u>
Accounting income available for distribution			
- Relating to capital gains		6,240,218	93,383
- Excluding capital gains		-	433,512
		<u>6,240,218</u>	<u>526,895</u>

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, 2021**



Meezan
Islamic Fund

	2021	2020
	----- Rupees in '000-----	
Net income for the year after taxation	8,512,447	549,840
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>8,512,447</u>	<u>549,840</u>

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, 2021

	2021				2020			
	Capital value	Undistribut d Income / (Accumulate- d loss)	Over distribution	Total	Capital value	Undistribut d Income / (Accumulate- d loss)	Over distribution	Total
	(Rupees in '000)				(Rupees in '000)			
Net assets at the beginning of the year	26,641,970	(1,860,387)	(709,398)	24,072,185	27,600,726	(1,860,387)	-	25,740,339
Issue of 766,372,501 units (2020: 629,460,674 units)								
- Capital value (at net asset value per unit at the beginning of the year)	35,844,008	-	-	35,844,008	30,165,966	-	-	30,165,966
- Element of income	9,051,895	-	-	9,051,895	1,364,752	-	-	1,364,752
Total proceeds on issuance of units	44,895,903	-	-	44,895,903	31,530,718	-	-	31,530,718
Redemption of 740,250,681 units (2020: 651,892,108 units)								
- Capital value (at net asset value per unit at the beginning of the year)	34,622,265	-	-	34,622,265	31,240,951	-	-	31,240,951
- Element of loss	6,312,018	2,272,229	-	8,584,247	1,248,523	22,945	-	1,271,468
Total payments on redemption of units	40,934,283	2,272,229	-	43,206,512	32,489,474	22,945	-	32,512,419
Total comprehensive income for the year	-	7,803,049	709,398	8,512,447	-	549,840	-	549,840
Distribution during the year	-	-	-	-	-	(526,895)	(709,398)	(1,236,293)
Income / (loss) for the year less distribution	-	7,803,049	709,398	8,512,447	-	22,945	(709,398)	(686,453)
Net assets at the end of the year	30,603,590	3,670,433	-	34,274,023	26,641,970	(1,860,387)	(709,398)	24,072,185
Accumulated loss brought forward								
- Realised (loss) / income		(1,065,399)				5,520,342		
- Unrealised loss		(794,988)				(7,380,729)		
		(1,860,387)				(1,860,387)		
Accounting income available for distribution								
- Relating to capital gains	6,240,218				93,383			
- Excluding capital gains	-				433,512			
	6,240,218				526,895			
Transfer to over distribution (note 1.6)		(709,398)			-			
Distribution during the period: nil (June 30, 2020: Rs. 2.5 per unit i.e 5.0% of the par value of Rs. 50/- each)		-			(526,895)			
Undistributed income / (accumulated loss) carried forward		<u>3,670,433</u>				<u>(1,860,387)</u>		
Undistributed income / (accumulated loss) carried forward								
- Realised loss		(2,652,037)				(1,065,399)		
- Unrealised income / (loss)		6,322,470				(794,988)		
		<u>3,670,433</u>				<u>(1,860,387)</u>		
				(Rupees)				(Rupees)
Net asset value per unit at the beginning of the year				<u>46.7710</u>				<u>47.9235</u>
Net asset value per unit at the end of the year				<u>63.3761</u>				<u>46.7710</u>

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, 2021**



Meezan
Islamic Fund

	2021	2020
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	8,512,447	549,840
Adjustments for:		
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(6,322,470)	794,988
	2,189,977	1,344,828
(Increase) / decrease in assets		
Investments	(3,182,823)	838,294
Dividend receivable	(32,369)	64,818
Receivable against sale of investment	39,220	78,296
Advances, deposits and other receivables	(176,298)	5,147
	(3,352,270)	986,555
Increase / (decrease) in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	59,810	(47,287)
Payable to Central Depository Company of Pakistan Limited - Trustee	965	(230)
Payable to the Securities and Exchange Commission of Pakistan	1,177	(27,336)
Payable to Meezan Bank Limited	381	519
Payable against purchase of investment	(88,323)	36,161
Accrued expenses and other liabilities	50,403	164,555
	24,413	126,382
Net cash (used in) / generated from operating activities	(1,137,880)	2,457,765
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	44,833,474	31,510,753
Net payments against redemption of units	(43,237,063)	(32,470,339)
Dividend paid	(152,480)	(1,083,813)
Net cash generated from / (used in) financing activities	1,443,931	(2,043,399)
Net increase in cash and cash equivalents	306,051	414,366
Cash and cash equivalents at the beginning of the year	1,755,340	1,340,974
Cash and cash equivalents at the end of the year	5 <u>2,061,391</u>	<u>1,755,340</u>

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

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

Chief Executive

Chief Financial Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Islamic 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 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 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 a 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, 2020 (2020: AM1 dated December 31, 2019) and by PACRA dated June 23, 2021 (2020: AM1 dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 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 previous year, the Fund had made excess distribution amounting to Rs 709.398 million which was disclosed in the statement of movement in the Unit holders' Fund as "over distribution". In the current year, the Fund had profits available for distribution in excess of the minimum threshold specified in note 15 to the financial statements and the Fund has utilised such profits to set-off excess distribution made in the previous year.
- 1.7** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company has submitted Collective Investment Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020) for registration to fulfill the requirement for registration of Trust Deed under Sindh Trusts Act, 2020.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

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

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

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

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

3.4 Critical accounting estimates and judgments

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

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

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which have been classified as 'at fair value through profit or loss' and 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, 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 recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

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

4.3.3 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 Income Statement and are recognised when the transaction takes place.
- Unrealised gains / (losses) arising on remeasurement 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.
- 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	2021	2020
		----- Rupees in '000 -----	
5	BALANCES WITH BANKS		
Balances with banks in:			
Savings accounts	5.1	2,050,598	1,747,297
Current account		10,793	8,043
		<u>2,061,391</u>	<u>1,755,340</u>
5.1	This includes balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.5% (2020: 3%) per annum. Other profit and loss sharing accounts have expected profit rates ranging from 1.50% to 7.32% per annum (2020: 1.50% to 7.50% per annum).		
	Note	2021	2020
		----- Rupees in '000 -----	
6	INVESTMENTS		
Investments - 'at fair value through profit or loss'	6.1	<u>32,886,340</u>	<u>23,381,047</u>

6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation/ (diminution) as at June 30, 2021	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
	-----Number of shares-----					----- (Rupees in '000) -----			----- % -----		
Sectors / companies											
Automobile assembler											
Honda Atlas Cars (Pakistan) Limited	179,000	150,000	-	329,000	-	-	-	-	-	-	-
Milat Tractors Limited	100,113	424,430	65,567	-	590,110	477,602	637,089	159,487	1.86	1.94	1.05
Pak Suzuki Motor Company Limited	-	172,000	-	122,000	50,000	15,142	17,772	2,630	0.05	0.05	0.06
Indus Motor Company Limited	39,740	83,050	-	122,790	-	-	-	-	-	-	-
									1.90	1.99	1.11
Automobile parts and accessories											
Agriauto Industries Limited (note 6.1.1)	436,300	-	-	295,600	140,700	25,607	38,607	13,000	0.11	0.12	0.49
Panther Tyres Limited	-	202,090	-	-	202,090	13,298	13,970	672	0.04	0.04	0.14
									0.15	0.16	0.63
Chemicals											
Engro Polymer & Chemicals Limited	15,913,721	9,272,000	-	8,710,500	16,475,221	524,379	778,289	253,910	2.27	2.37	1.81
Dynea Pakistan Limited (Note 6.1.1)	-	293,000	-	-	293,000	65,603	64,753	(850)	0.19	0.20	1.55
ICI Pakistan Limited	1,109,985	107,600	-	298,050	919,535	645,108	798,892	153,784	2.33	2.43	1.00
Ghani Global Holdings Limited (Note 6.1.3)	-	11,935,500	858,550	12,790,500	3,550	57	176	119	0.00	0.00	0.00
Lotte Chemical Pakistan Limited	6,661,000	50,000	-	6,711,000	-	-	-	-	-	-	-
Ittehad Chemicals Limited	117,500	-	-	117,500	-	-	-	-	-	-	-
Nimir Resins Limited (Note 6.1.1)	-	7,300,000	-	6,925,000	375,000	8,092	7,556	(536)	0.02	0.02	0.13
Sitara Chemicals Industries Limited	30,500	-	-	-	30,500	8,452	10,736	2,284	0.03	0.03	0.14
Sitara Peroxide Limited	157,000	-	-	157,000	-	-	-	-	-	-	-
									4.84	5.05	4.64
Cement											
Attock Cement Pakistan Limited	270,200	165,200	-	10,000	425,400	60,772	76,495	15,723	0.22	0.23	0.31
Cherat Cement Company Limited	2,724,100	2,147,600	-	1,536,700	3,335,000	454,703	591,562	136,859	1.73	1.80	1.72
D.G. Khan Cement Company Limited	3,557,500	3,540,000	-	4,143,851	2,953,649	345,010	348,294	3,284	1.02	1.06	0.67
Fauji Cement Company Limited	2,550,000	8,600,000	-	6,020,500	5,129,500	123,909	117,979	(5,930)	0.34	0.36	0.37
Kohat Cement Company Limited	4,488,850	1,038,000	-	172,100	5,354,750	803,677	1,105,702	302,025	3.23	3.36	2.67
Lucky Cement Limited	3,798,203	1,792,640	-	1,224,851	4,365,992	2,542,496	3,769,772	1,227,276	11.00	11.46	1.35
Power Cement Limited	-	3,500,000	-	2,860,500	639,500	6,668	6,146	(522)	0.02	0.02	0.06
Maple Leaf Cement Factory Limited	13,447,000	20,109,622	-	15,369,808	18,186,814	695,097	854,417	159,320	2.49	2.60	1.66
									20.05	20.89	8.80
Paper and Board											
Cherat Packaging Limited	276,747	100	-	115,000	161,847	18,960	32,193	13,233	0.09	0.10	0.38
Century Paper & Board Mills Limited	348,600	3,283,000	391,100	50,100	3,972,600	339,121	484,935	145,814	1.41	1.47	2.25
Roshan Packages Limited	200,000	3,241,500	-	109,000	3,332,500	125,232	109,773	(15,459)	0.32	0.33	2.35
Security Papers Limited	-	41,000	-	-	41,000	6,327	5,927	(400)	0.02	0.02	0.07
Packages Limited	1,421,953	358,672	-	131,200	1,649,425	632,630	899,267	266,637	2.62	2.73	1.85
									4.46	4.66	6.90
Technology and communication											
Avanceon Limited	739,630	5,086,000	604,025	1,910,500	4,519,155	274,606	414,316	139,710	1.21	1.26	1.76
Netsol Technologies Limited	142,600	-	-	142,600	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited "A"	800,000	14,112,000	-	11,039,000	3,873,000	41,542	45,856	4,314	0.13	0.14	0.10
TPL Trakker Limited	-	3,564,000	-	2,959,000	605,000	7,260	10,594	3,334	0.03	0.03	0.32
World call Telecom Limited	-	1,600,000	-	-	1,600,000	6,216	6,336	120	0.02	0.02	0.09
Systems Limited	2,384,900	325,900	226,360	496,600	2,440,560	459,535	1,367,251	907,716	3.99	4.16	1.78
									5.39	5.60	4.06
Refinery											
Attock Refinery Limited	-	450,000	-	350,000	100,000	24,985	25,645	660	0.07	0.08	0.09
Byco Petroleum Pakistan Limited	-	23,100,000	-	1,500,000	21,600,000	221,804	250,776	28,972	0.73	0.76	0.41
National Refinery Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
									0.81	0.84	0.50

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution) as at June 30, 2021	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
	-----Number of shares-----					------(Rupees in '000)-----			------%-----		
Commercial Banks											
Meezan Bank Limited											
(a related party of the Fund)	12,075,097	2,362,000	1,258,209	1,564,490	14,130,816	932,744	1,630,837	698,093	4.76	4.96	1.00
BankIslami Pakistan Limited	6,447,500	10,245,000	-	2,000,000	14,692,500	161,798	165,144	3,346	0.48	0.50	1.33
									5.23	5.47	2.32
Oil and Gas Marketing Companies											
Attock Petroleum Limited	906,334	10,000	-	118,000	798,334	243,916	256,289	12,373	0.75	0.78	0.80
Hascol Petroleum Limited (note 6.1.3)	13,533,361	3,427,500	-	16,920,000	40,861	619	365	(254)	0.00	0.00	0.00
Hi-Tech Lubricants Limited	305,000	1,669,500	-	1,924,500	50,000	2,025	3,546	1,521	0.01	0.01	0.04
Shell Pakistan Limited	-	273,200	174,200	182,000	265,400	47,784	46,498	(1,286)	0.14	0.14	0.12
Pakistan State Oil Company Limited (note 6.1.3)	4,861,259	3,493,745	-	2,732,103	5,622,901	1,058,821	1,260,936	202,115	3.68	3.83	1.20
Sui Southern Gas Pipelines Limited	745,000	-	-	745,000	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	10,100,300	5,075,000	-	10,999,500	4,175,800	194,626	202,860	8,234	0.59	0.62	0.66
									5.16	5.38	2.83
Oil and Gas Exploration Companies											
Oil and Gas Development Company Limited	17,271,568	14,016,990	-	13,672,745	17,615,813	1,806,544	1,674,031	(132,513)	4.88	5.09	0.41
Pakistan Oilfields Limited	2,647,522	344,000	-	880,915	2,110,607	751,690	831,284	79,594	2.43	2.53	0.74
Pakistan Petroleum Limited	16,327,428	10,972,557	-	10,835,105	16,464,880	1,496,296	1,429,648	(66,648)	4.17	4.35	0.61
Mari Petroleum Company Limited (note 6.1.3)	2,020,667	30,000	-	256,420	1,794,247	2,231,388	2,735,132	503,744	7.98	8.32	1.34
									19.47	20.28	3.10
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	69,050	-	-	-	69,050	45,780	54,712	8,932	0.16	0.17	0.07
AGP Limited	5,266,500	520,500	-	2,544,700	3,242,300	356,189	380,419	24,230	1.11	1.16	1.16
GlaxoSmithkline Pakistan Limited	5,816	-	-	5,816	-	-	-	-	-	-	-
GlaxoSmithkline Consumer Healthcare Products Limited	374,656	-	-	10,000	364,656	99,070	91,197	(7,873)	0.27	0.28	0.31
Ferozsons Laboratories Limited	-	100,000	4,000	80,000	24,000	7,838	8,468	630	0.02	0.03	0.07
Highnoon Laboratories Limited (note 6.1.3)	49,878	90,000	7,432	15,550	131,760	72,557	79,055	6,498	0.23	0.24	0.35
The Searle Company Limited (note 6.1.3)	2,761,879	1,172,282	403,244	810,361	3,527,044	762,496	855,731	93,235	2.50	2.60	1.47
									4.29	4.47	3.42
Power Generation and Distribution											
The Hub Pow er Company Limited	20,884,921	14,975,759	-	22,682,407	13,178,273	1,085,404	1,049,913	(35,491)	3.06	3.19	1.02
K - Electric Limited (6.1.1)	159,270,500	16,150,000	-	65,356,500	110,064,000	346,520	460,068	113,548	1.34	1.40	0.40
									4.41	4.59	1.41
Fertilizer											
Engro Corporation Limited (note 6.1.2)	7,873,573	1,978,321	-	3,332,175	6,519,719	1,936,863	1,920,774	(16,089)	5.60	5.84	1.13
Engro Fertilizers Limited	16,475,252	5,684,833	-	8,325,466	13,834,619	864,443	972,159	107,716	2.84	2.96	1.04
									8.44	8.80	2.17
Engineering											
Amreli Steels Limited	121,500	-	-	121,500	-	-	-	-	-	-	-
Agha Steels Industries Limited	-	8,195,820	-	5,056,910	3,138,910	103,362	105,875	2,513	0.31	0.32	0.54
Aisha Steel Mills Limited	-	4,100,000	-	-	4,100,000	114,467	102,131	(12,336)	0.30	0.31	0.54
International Industries Limited	1,713,140	1,413,000	-	904,700	2,221,440	331,814	468,768	136,954	1.37	1.43	1.68
Ittefaq Iron Industries Limited	-	5,181,500	-	-	5,181,500	104,935	98,189	(6,746)	0.29	0.30	3.59
International Steel Limited	5,537,800	3,009,870	-	5,239,563	3,308,107	236,737	309,010	72,273	0.90	0.94	0.76
Mughal Iron & Steel Industries Limited	2,528,500	2,604,000	595,520	1,490,500	4,237,520	275,525	442,397	166,872	1.29	1.35	1.45
KSB Pumps Company Limited	73,700	-	-	35,000	38,700	5,573	8,586	3,013	0.03	0.03	0.29
									4.48	4.67	8.86
Food and Personal Care Products											
Al-Shaheer Corporation Limited (note 6.1.3)	61,463	-	1,248	-	62,711	716	1,250	534	0.00	0.00	0.02
At-Tahur Limited	120,045	500,000	12,004	-	632,049	12,038	14,727	2,689	0.04	0.04	0.36
National Foods Limited (note 6.1.1)	203,320	-	50,830	-	254,150	50,921	58,205	7,284	0.17	0.18	0.14
Unity Foods Limited	2,648,846	16,999,500	-	11,760,346	7,888,000	217,584	351,174	133,590	1.02	1.07	0.79
									1.24	1.29	1.31

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution) as at June 30, 2021	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
	-----Number of shares-----					----- (Rupees in '000) -----			----- % -----		
Glass and Ceramics											
Tariq Glass Industries Limited	527,750	-	-	527,750	-	-	-	-	-	-	-
Ghani Global Glass Limited	-	2,000,000	-	1,540,000	460,000	7,958	12,448	4,490	0.04	0.04	0.19
Shabbir Tiles and Ceramics Limited (Note 6.1.1)	-	2,395,000	-	-	2,395,000	46,895	79,873	32,978	0.23	0.24	0.73
Ghani Glass Limited	866,000	100,000	409,200	122,000	1,253,200	39,876	60,404	20,528	0.18	0.18	0.15
									0.45	0.46	1.07
Textile Composite											
Feroze1888 Mills Limited	1,704,600	494,500	-	816,500	1,382,600	120,621	138,965	18,344	0.41	0.42	0.37
Interloop Limited	8,917,500	6,057,000	-	1,724,000	13,250,500	717,982	927,933	209,951	2.71	2.82	1.52
Kohinoor Textile Mills Limited (note 6.1.3)	244,014	1,494,500	-	406,500	1,332,014	97,946	100,167	2,221	0.29	0.30	0.45
Nishat Mills Limited	3,625,600	3,332,900	-	1,575,000	5,383,500	495,358	502,281	6,923	1.47	1.53	1.53
									4.87	5.08	3.86
Leather & Tanneries											
Service Global Footwear Limited	-	1,021,325	-	-	1,021,325	55,779	59,063	3,284	0.17	0.18	0.50
Miscellaneous											
Shifa International Hospital Limited	-	65,000	-	65,000	-	-	-	-	-	-	-
Synthetic Products Enterprises Limited	-	1,345,000	60,525	365,000	1,040,525	48,482	44,752	(3,730)	0.13	0.14	1.13
									0.13	0.14	1.13
Total as at June 30, 2021					390,664,729	26,563,870	32,886,340	6,322,470			
Total as at June 30, 2020						24,176,035	23,381,047	(794,988)			

- 6.1.1** All shares have a nominal value of Rs 10 each except for the shares of Thal Limited, Agriauto Industries Limited Dynea Pakistan Limited, Shabbir Tiles and Ceramics Limited, Nimir Resins 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 312.29 million as at June 30, 2021 (2020: Rs. 310.50 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.

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, 2021, the market value of bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 62.612 million (2020: Rs. 49.076 million).

	Note	2021	2020
		----- Rupees '000 -----	
6.2 Net 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	32,886,340	23,381,047
Carrying value of investments	6.1	(26,563,870)	(24,176,035)
		<u>6,322,470</u>	<u>(794,988)</u>

7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposit with Central Depository Company of Pakistan Limited		100	100
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Advance against IPO	7.1	175,910	-
Profit receivable on saving accounts with banks		11,207	10,819
		<u>189,717</u>	<u>13,419</u>

7.1 This pertains to advance made against subscription of IPO of Pakistan Aluminium Beverage Cans Limited.

8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee payable	8.1	3,738	5,286
Sindh Sales Tax on management fee payable	8.2	486	687
Allocated expenses payable	8.3	3,124	2,016
Selling and marketing expenses payable	8.4	82,065	23,914
Sales load payable		2,720	685
Sindh Sales Tax on sales load payable		354	89
		<u>92,487</u>	<u>32,677</u>

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2020: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs 80.611 million (2020: Rs 65.310 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 80.812 million (2020: Rs 70.341 million) has been paid to the Management Company which acts as a collecting agent.

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

The management company based on its own discretion has charged allocated expenses at the rate of 0.1% of average annual net assets from July 1, 2020 to March 9, 2021 and 0.11% from March 10, 2021 to June 30, 2021 (2020: 0.1%).

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

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

	Note	2021	2020
9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		-----Rupees in '000-----	
Trustee fee payable	9.1	2,933	2,079
Sindh Sales Tax payable on trustee fee	9.2	381	270
		<u>3,314</u>	<u>2,349</u>

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

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 4.161 million (2020: Rs. 3.396 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 4.050 million (2020: Rs 3.423 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

	Note	2021	2020
11 ACCRUED EXPENSES AND OTHER LIABILITIES		-----Rupees in '000-----	
Auditors' remuneration payable		480	480
Printing charges payable		483	483
Shariah advisor fee payable		1,650	2,041
Charity payable	11.1	50,956	34,497
Brokerage payable		10,787	17,024
Withholding tax payable		-	922
Capital gain tax payable		14,423	4,328
Provision for Sindh Workers' Welfare Fund	11.2	525,426	351,703
Withholding tax payable on Dividend		-	142,432
Zakat payable		139	31
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
		<u>868,818</u>	<u>818,415</u>

- 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, 2021, non-shariah compliant income amounting to Rs 37.987 million (2020: Rs 31.482 million) was charged as an expense in the books of the Fund, and Rs. 22.500 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Pakistan Stock Exchange Limited*	1,000
2	Afzal Memorial Thalasemia Foundation	500
3	Sindh Institute of Urology & Transplantation (SIUT)	3,000
4	The Indus Hospital	2,000
5	Alamgir Welfare Trust	1,500
6	Childlife Foundation	4,000
7	Baitus Salam Welfare Trust	1,500
8	Ihsan Trust (a related party)	5,000
9	Layton Rahmatulla Benevolent Trust	1,000
10	Cancer Foundation	1,000
11	Baitus Salam Welfare Trust	1,000
12	Alamgir Welfare Trust	1,000
		22,500

* This pertains to donation made to PSX for support of terrorist attack victims and their families.

- 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 with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.97 per unit (2020: Re 0.68 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, 2021 would have been higher by Re 0.49 (2020: Re 0.51) per unit.

12 CONTINGENCIES AND COMMITMENTS

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

	2021	2020
	-----Rupees in '000-----	
13 AUDITORS' REMUNERATION		
Annual audit fee	533	533
Half yearly review fee	150	150
Out of pocket expenses	38	38
	<u>721</u>	<u>721</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 3.99% (2020: 3.24%) which includes 0.87% (2020: 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 unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unitholders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 16.1** Connected persons include AI 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 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:

	2021	2020
	-----Rupees in '000-----	
Balances		
AI Meezan Investment Management Limited (Management Company)		
Management fee payable	3,738	5,286
Sindh Sales Tax on management fee payable	486	687
Sales load payable	2,720	685
Sindh Sales Tax and on sales load payable	354	89
Allocated expenses payable	3,124	2,016
Selling and marketing expense payable	82,065	23,914
Investment of 2,005,066 units (2020: 4,997,648 units)	127,073	233,745
Central Depository Company of Pakistan Limited - Trustee		
Security deposits	100	100
Trustee fee payable	2,933	2,079
Sindh Sales Tax on trustee fee payable	381	270

	2021	2020
	-----Rupees in '000-----	
Meezan Bank Limited		
Balance with bank	162,187	282,156
Profit receivable on saving accounts	125	87
Sales load payable	916	579
Sindh Sales Tax on sales load payable	119	75
Shariah advisor fee payable	1,650	2,041
Investment in 14,130,816 shares (2020: 12,075,097 shares)	1,630,837	831,370
Investment of 12,475,049 units (2020: 12,475,049 units)	790,620	583,471
AI Meezan Investment Management Limited - Employees' Gratuity Fund		
Investment of 189,837 units (2020: 189,837 units)	12,031	8,879
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Investment of 4,122,205 units (2020: 4,834,002 units)	261,249	226,091
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Investment of 1,187,441 units (2020: 1,412,939 units)	75,255	66,085
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Investment of 898,279 units (2020: 880,333 units)	56,929	41,174
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment of nil units (2020: 1,984,595 units)	-	92,821
Meezan Strategic Allocation Fund - MSAP - I		
Investment of 2,730,594 units (2020: 5,317,944 units)	173,054	248,726
Meezan Strategic Allocation Fund - MSAP - II		
Investment of 1,579,575 units (2020: 3,124,685 units)	100,107	146,145
Meezan Strategic Allocation Fund - MSAP - III		
Investment of 2,541,472 units (2020: 9,045,806 units)	161,069	423,081
Meezan Strategic Allocation Fund - MSAP - IV		
Investment of 22,509 units (2020: 7,145,017 units)	1,427	334,180
Meezan Strategic Allocation Fund - MSAP - V		
Investment of 26,286 units (2020: 2,205,831 units)	1,666	103,169
Directors and executives of the Management Company		
Investment of 12,989,655 units (2020: 11,924,793 units)	823,234	557,734
Transactions during the year		
	For the year ended June 30,	
	2021	2020
	-----Rupees in '000-----	
AI Meezan Investment Management Limited - Management Company		
Remuneration of AI Meezan Investment Management Limited - Management Company	620,088	502,387
Sindh Sales Tax on remuneration of the Management Company	80,611	65,310
Allocated expenses	32,024	25,119
Selling and marketing expenses	185,182	100,477
Issuance of 12,337,696 units (2020: 14,200,125 units)	718,363	701,346
Redemption of 15,330,278 units (2020: 19,214,207 units)	892,796	896,576
Dividend Paid	-	11,950



For the year ended June 30,

2021 2020

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

Central Depository Company of Pakistan Limited - Trustee

Remuneration of Central Depository Company of Pakistan Limited - Trustee

Sindh Sales Tax on remuneration of the Trustee

CDS charges

32,004	26,119
4,161	3,396
1,422	922

Meezan Bank Limited

Profit on saving accounts

Dividend paid

Bonus issue of 1,258,209 shares (2020: nil shares)

Purchase of 2,362,000 shares (2020: 7,808,500 shares)

Sale of 1,564,490 shares (2020: 3,774,000 shares)

Shariah advisor fee

Dividend income

1,277	25,669
-	31,188
-	-
206,019	529,166
161,653	261,402
2,582	2,774
113,540	35,993

Al Meezan Investment Management Limited - Employees' Gratuity Fund

Units issued: nil units (2020: 9,649 units)

Dividend Paid

-	450
-	450

Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan

Units issued: 4,403,476 units (2020: 5,970,312 units)

Units redeemed: 5,115,273 units (2020: 6,842,745 units)

Dividend Paid

283,230	288,357
320,608	332,203
-	11,471

Meezan Financial Planning Fund of Funds - Moderate Allocation Plan

Units issued: 1,715,548 units (2020: 1,789,814 units)

Units redeemed: 1,941,046 units (2020: 2,493,189 units)

Dividend Paid

107,984	84,951
119,628	122,363
-	3,353

Meezan Financial Planning Fund of Funds - Conservative Allocation Plan

Units issued: 1,366,523 units (2020: 1,210,084 units)

Units redeemed: 1,348,577 units (2020: 1,478,778 units)

Dividend Paid

87,219	56,968
83,392	73,304
-	2,089

Meezan Financial Planning Fund of Funds - MAAP - I

Units issued: 1,148,071 units (2020: 4,194,111 units)

Units redeemed: 3,132,666 units (2020: 2,380,889 units)

Dividend Paid

66,200	206,887
184,862	117,598
-	4,709

Meezan Strategic Allocation Fund - MSAP - I

Units issued: 4,804,288 units (2020: 10,859,097 units)

Units redeemed: 7,391,638 units (2020: 8,899,323 units)

Dividend Paid

287,088	533,959
459,548	429,740
-	12,619

Meezan Strategic Allocation Fund - MSAP - II

Units issued: 2,683,555 units (2020: 4,469,702 units)

Units redeemed: 4,228,665 units (2020: 4,328,798 units)

Dividend Paid

163,817	223,833
255,462	221,048
-	7,415

Meezan Strategic Allocation Fund - MSAP - III

Units issued: 3,001,605 units (2020: 11,903,597 units)

Units redeemed: 9,505,939 units (2020: 13,806,874 units)

Dividend Paid

189,147	579,990
552,842	679,424
-	21,465

Meezan Strategic Allocation Fund - MSAP - IV

Units issued: 790,609 units (2020: 9,640,173 units)

Units redeemed: 7,913,117 units (2020: 14,984,258 units)

Dividend Paid

45,252	488,550
430,252	752,318
-	16,955

	For the year ended June 30,	
	2021	2020
	-----Rupees in '000-----	
Meezan Strategic Allocation Fund - MSAP - V		
Units issued: 126,685 units (2020: 2,950,222 units)	7,195	146,243
Units redeemed: 2,306,230 units (2020: 4,379,399 units)	128,885	212,949
Dividend Paid	-	5,234
Directors and executives of the Management Company		
Units issued: 5,273,270 units (2020: 11,311,222 units)	319,002	522,268
Units redeemed: 4,304,700 units (2020: 432,520 units)	243,251	20,219
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

Financial assets

	----- 2021 -----		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees in '000 -----		
Balances with banks	2,061,391	-	2,061,391
Investments	-	32,886,340	32,886,340
Receivable against sale of investments	34,569	-	34,569
Receivable against conversion of units	145,285	-	145,285
Dividend receivable	84,683	-	84,683
Deposits and other receivables	189,717	-	189,717
	<u>2,515,645</u>	<u>32,886,340</u>	<u>35,401,985</u>

Financial liabilities

	----- 2021 -----		
	At fair value through profit or loss	At amortised cost	Total
	----- Rupees in '000 -----		
Payable to Al Meezan Investment Management Limited			
- Management Company	-	92,487	92,487
Payable to Central Depository Company of Pakistan Limited - Trustee	-	3,314	3,314
Payable against redemption and conversion of units	-	85,604	85,604
Payable against purchase of investments	-	70,503	70,503
Payable to Meezan Bank Limited	-	1,035	1,035
Accrued expenses and other liabilities	-	64,356	64,356
	<u>-</u>	<u>317,299</u>	<u>317,299</u>

Financial assets

	----- 2020 -----		
	At amortised cost	At fair value through profit or loss	Total
	----- 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
Deposits and other receivables	13,419	-	13,419
	<u>1,977,718</u>	<u>23,381,047</u>	<u>25,358,765</u>

----- 2020 -----		
At fair value through profit or loss	At amortised cost	Total
----- Rupees in '000 -----		
Payable to Al Meezan Investment Management Limited - Management Company	- 32,677	32,677
Payable to Central Depository Company of Pakistan 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

Financial liabilities

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risks managed and measured by the Fund are explained below:

18.1 Market risk

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

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

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, 2021, 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, 2021, 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 20.506 million (2020: Rs 17.473 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, 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 profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in 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, 2021 can be determined as follows:

----- 2021 -----						
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% - 7.32%	2,050,598	-	-	10,793	2,061,391
Investments		-	-	-	32,886,340	32,886,340
Receivable against sale of investments		-	-	-	34,569	34,569
Receivable against conversion of units		-	-	-	145,285	145,285
Dividend receivable		-	-	-	84,683	84,683
Deposits and other receivables		-	-	-	189,717	189,717
		2,050,598	-	-	33,351,387	35,401,985
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	92,487	92,487
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	3,314	3,314
Payable against redemption and conversion of units		-	-	-	85,604	85,604
Payable against purchase of investments		-	-	-	70,503	70,503
Payable to Meezan Bank Limited		-	-	-	1,035	1,035
Accrued expenses and other liabilities		-	-	-	64,356	64,356
		-	-	-	317,299	317,299
On-balance sheet gap (a)		2,050,598	-	-	33,034,088	35,084,686
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		2,050,598	-	-		
Cumulative interest rate sensitivity gap		2,050,598	2,050,598	2,050,598		

----- 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
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 of Pakistan 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		

(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, 2021, with all other variables held constant, the total income of the Fund for the year would increase / decrease by Rs 328.863 million (2020: Rs. 233.810 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, 2021 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:

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

Rupees in '000

Financial assets

Balances with banks	2,061,391	-	-	-	-	2,061,391
Investments	-	-	-	-	32,886,340	32,886,340
Receivable against sale of investments	34,569	-	-	-	-	34,569
Receivable against conversion of units	145,285	-	-	-	-	145,285
Dividend receivable	84,683	-	-	-	-	84,683
Deposits and other receivables	187,117	-	-	-	2,600	189,717
	2,513,045	-	-	-	32,888,940	35,401,985

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	92,487	-	-	-	-	92,487
Payable to Central Depository Company of Pakistan Limited - Trustee	3,314	-	-	-	-	3,314
Payable against redemption and conversion of units	85,604	-	-	-	-	85,604
Payable against purchase of investments	70,503	-	-	-	-	70,503
Payable to Meezan Bank Limited	1,035	-	-	-	-	1,035
Accrued expenses and other liabilities	-	13,400	50,956	-	-	64,356
	252,943	13,400	50,956	-	-	317,299

Net assets / (liabilities)

	2,260,102	(13,400)	(50,956)	-	-	32,888,940	35,084,686
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2020						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

Financial assets

Balances with banks	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
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 Limited - Management Company	32,677	-	-	-	-	32,677
Payable to Central Depository Company of Pakistan 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	(34,980)	-	-	23,383,647	24,841,099
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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:

	2021		2020	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- Rupees in '000 -----				
Balances with banks	2,061,391	2,061,391	1,755,340	1,755,340
Investments	32,886,340	-	23,381,047	-
Receivable against sale of investments	34,569	34,569	73,789	73,789
Receivable against conversion of units	145,285	145,285	82,856	82,856
Dividend receivable	84,683	84,683	52,314	52,314
Deposits and other receivables	189,717	-	13,419	-
	<u>35,401,985</u>	<u>2,325,928</u>	<u>25,358,765</u>	<u>1,964,299</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 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 investments in equity securities of Rs 32,866.340 million (2020: 23,381.047 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, 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	
	2021	2020
AAA	17.40	61.50
AA+	6.53	27.00
AA	8.11	0.04
A+	67.96	11.45
A	0.01	0.01
	<u>100.00</u>	<u>100.00</u>

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

	2021		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
Investments - at fair value through profit or loss	32,886,340	-	-
	2020		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
Investments - at fair value through profit or loss	23,381,047	-	-

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	2021			2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	25,097	20,004,540	58.37	23,848	12,641,223	52.51
Associated Companies /				16	2,446,388	10.16
Directors	18	2,535,195	7.40			
Insurance Companies	4	1,196,525	3.49	5	924,307	3.84
Banks and DFIs	2	158,781	0.46	4	700,668	2.91
Retirement Funds	117	5,498,504	16.04	128	4,326,278	17.97
Public Limited Companies	3	286,798	0.84	2	211,626	0.88
Others	134	4,593,680	13.40	127	2,821,695	11.72
	25,375	34,274,023	100.00%	24,130	24,072,185	100.00%

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2021 -----		----- 2020 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
AKD Securities Limited	9%	JS Global Capital Limited	13%
JS Global Capital Limited	8%	AKD Securities Limited	8%
Top Line Securities (Private) Limited	7%	Top Line Securities (Private) Limited	7%
BMA Capital Management Limited	7%	Fortune Securities Limited	7%
Arif Habib Limited	6%	Foundation Securities (Private) Limited	7%
Akik Capital (Private) Limited	6%	BMA Capital Management Limited	6%
Foundation Securities (Private) Limited	6%	Alfalah Securities (Private) Limited	6%
Fortune Securities Limited	5%	EFG Hermes	6%
Ismail Iqbal Securities (Private) Limited	5%	Shajar Capital Pakistan (Private) Limited	5%
Next Capital Limited	5%	Arif Habib 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 one years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty five years
Mr. Taha Javed	Head of Equity	CFA / MBA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fourteen years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Eleven years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fourteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Twelve years
Mr. Ali Asghar	Head of Research	CFA / MBA (in progress)	Ten years

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

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

25 CORRESPONDING FIGURES

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

26 DATE OF AUTHORISATION FOR ISSUE

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

27 GENERAL

27.1 Impact of COVID-19

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

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

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

27.3 Subsequent events

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP. All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been incorporated in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.97 per unit (2020: Re 0.68 per unit).

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

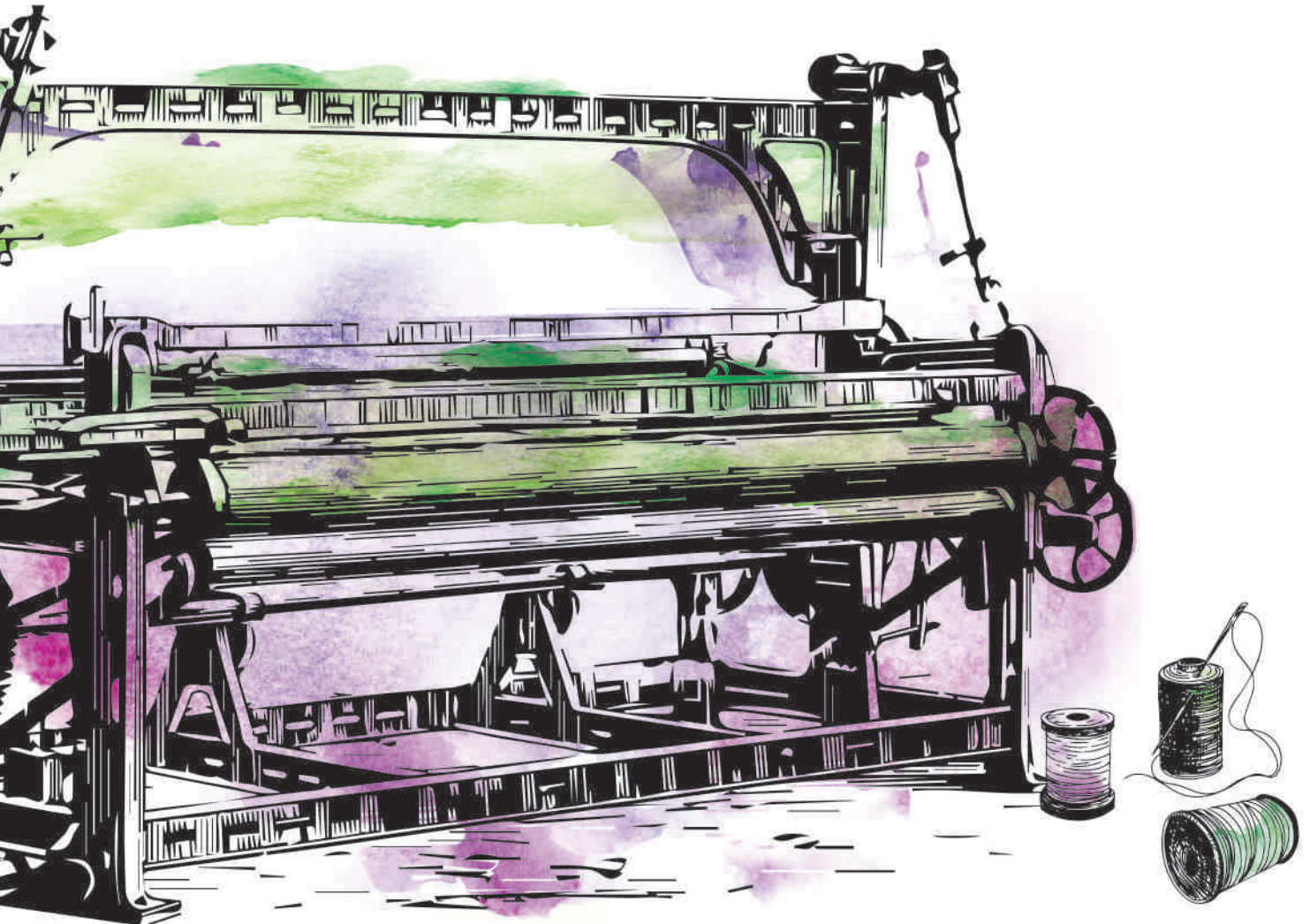
Director



Al Meezan
Investment Management Ltd.

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.



RISING ECONOMY WITH A GROWTH RATE OF



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

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

Type of Fund

Open end equity fund

Objective

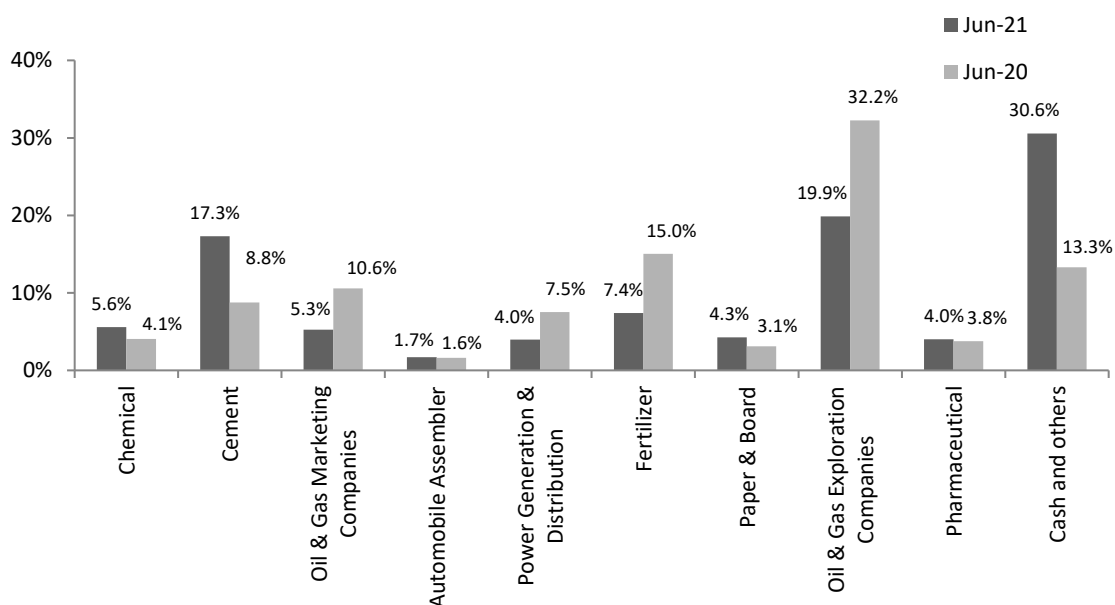
The objective of AMMF is to provide maximum total return to the shareholders by investing in “Shariah compliant” equity avenues for the given level of risk, while abiding by the Regulations and any other prevailing rules and regulations.

Strategy, Investment Policy and Asset Allocation

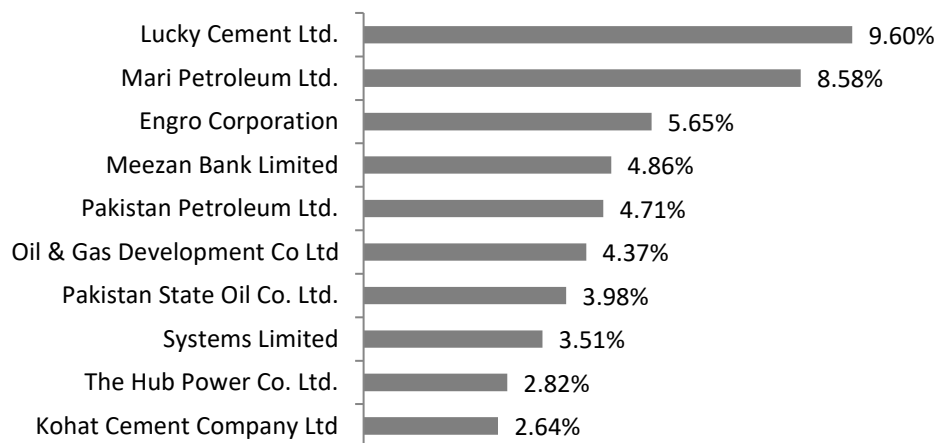
The performance of AMMF is directly linked to the performance of the equity market. The fund manager, Al Meezan Investment Management Limited, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. To control risk, the exposure in growth stocks is balanced 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 96.68% exposure to equities, touched a maximum of 98.25% and minimum of around 93.85% during the fiscal year, on average remaining around 95.81% invested and while closing the year at 94.56% invested percentage. The fund raised exposure to the Cement sector significantly during the period under review owing to rebound in economic activity, Exposure to the Oil and Gas Exploration sector was trimmed in line with the theme to move towards sectors benefiting from rising economic activity in the country. As a result, there was also a general trend in liquidating from defensive plays such as Power Generation, Fertilizer and OMCs in addition to Oil Exploration Sector.

Sector Allocation for the year ended FY20 and FY21



Top Holdings

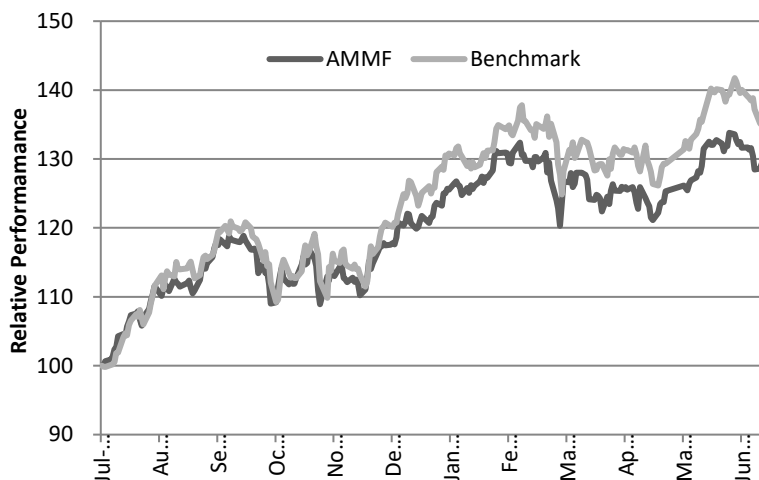


Performance Review

During FY21, Al Meezan Mutual Fund (AMMF) provided a positive return of 33.54% to its investors and the KSE Meezan Index (KMI 30) appreciated by 41.58% to close at 76,622 pts.

	AMMF (NAV)	KMI-30 (Index Points)
Net Asset Value (NAV) as on June 30, 2020- Rs.	13.32	54,995
Net Asset Value (NAV) as on June 30, 2021- Rs.	17.65	76,622
Return During the Period	32.51%	39.32%

AMMF posted a total Income of Rs. 1,434 million in the fiscal year 2021 as compared to a total income of Rs. 254 million last year. Total income comprised of realized gain and unrealized gain on investments of Rs. 405 million and Rs. 801 million respectively. Dividend income contributed Rs. 211 million to income, while profit on saving accounts with banks amounted to Rs. 17 million. After accounting for expenses of Rs. 190 million, the Fund posted a net income of Rs. 1,244 million. The net assets of the Fund as at June 30, 2021 were Rs. 4,918 million as compared to Rs. 3,913 million last year depicting an increase of 26%. The net asset value per unit as at June 30, 2021 was Rs. 17.6466 as compared to Rs. 13.3176 per unit as on June 30, 2020.



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, 2021 an amount of Rs. 5.7 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2021

Breakdown of unit holdings by size:

(As on June 30, 2021)

Range (Units)	No. of investors
1 - 9,999	3,385
10,000 - 49,999	678
50,000 - 99,999	179
100,000 - 499,999	170
500,000 and above	51
Total	4,463

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.



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

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

Alhamdulillah, the period from July 01, 2020 to June 30, 2021 was the twenty sixth 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.

- 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, 2021 and their evaluation according to the screening criteria established by us. (December 31, 2020 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets ($<37\%$)	(iii) Non-Compliant Investments ($<33\%$)	(iv) Non-Compliant Income to Gross Revenue ($<5\%$)	(v) Illiquid Assets to Total Assets ($>25\%$)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Lucky Cement Ltd.	Cement	26.58%	1.36%	2.46%	83.54%	(401.10)	
Mari Petroleum	Oil & Gas Exploration Companies	0.00%	26.87%	3.79%	36%	429.73	1339.82
Engro Corporation Ltd.	Fertilizer	35.22%	25.23%	4.80%	57%	(189.71)	
Meezan Bank Ltd.	Commercial Banks	0.00%	0.00%	0.00%	67%	(675.3)	



Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	14.34%	2.01%	31%	76.47	90.33
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	18.90%	4.74%***	29.95%	100.42	103.77
Pakistan State Oil	Oil & Gas Marketing Companies	19.79%	0.00%	0.46%	31.12%	(33.23)	

* 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.

*** Total Assets of OGDC are adjusted with non-cash items arising due to the adoption of IFRS 16 'Leases' in respect of sale agreements with HUPL and UCH-II

- ii. On the basis of information provided by the management, all operations of AMMF for the year ended June 30, 2021 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
Shari'ah Advisor

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



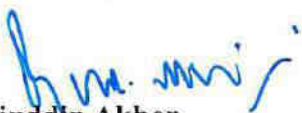
TRUSTEE REPORT TO THE UNIT HOLDERS

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, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 16, 2021

INDEPENDENT AUDITOR'S REPORT
To the Unit holders of 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, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer 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, 2021 amounted to Rs 4,650.421 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - 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, 2021 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.



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.

AMU



A.F. FERGUSON & CO.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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


Chartered Accountants
Karachi
Date: September 15, 2021



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

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
Assets			
Balances with banks	5	296,501	259,646
Investments	6	4,650,421	3,782,362
Receivable against sale of investments		12,682	16,861
Receivable against conversion of units		36,375	21,337
Dividend receivable		21,910	9,316
Advance, deposits and other receivable	7	71,219	3,025
Total assets		5,089,108	4,092,547
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	13,185	5,351
Payable to Central Depository Company of Pakistan Limited - Trustee	9	557	455
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	937	853
Payable to Meezan Bank Limited		101	20
Payable against purchase of investments		-	9,988
Payable against conversion and redemption of units		16,040	23,718
Dividend payable		4,917	19,572
Accrued expenses and other liabilities	11	135,530	119,253
Total liabilities		171,267	179,210
NET ASSETS		4,917,841	3,913,337
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		4,917,841	3,913,337
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		278,685,368	293,846,741
(Rupees)			
NET ASSET VALUE PER UNIT		17.6466	13.3176

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

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

	Note	2021 (Rupees in '000)	2020
Income			
Dividend income		211,032	178,811
Profit on saving account with banks		16,596	25,720
Realised gain on sale of investments - net		405,305	81,626
		632,933	286,157
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	801,276	(32,495)
Total income		<u>1,434,209</u>	<u>253,662</u>
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	93,684	84,366
Sindh Sales Tax on remuneration of the Management Company	8.2	12,179	10,968
Allocated expenses	8.3	4,832	4,218
Selling and marketing expenses	8.4	27,601	16,873
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	5,684	5,219
Sindh Sales Tax on remuneration of the Trustee	9.2	739	678
Annual fee to the Securities and Exchange Commission of Pakistan	10	937	853
Auditors' remuneration	13	796	815
Fees and subscription		507	567
Brokerage expense		11,442	10,787
Bank and settlement charges		942	1,183
Charity expense	11.1	5,697	5,129
Provision for Sindh Workers' Welfare Fund (SWWF)	11.3	25,383	2,240
Total expenses		<u>190,423</u>	<u>143,896</u>
Net income for the year before taxation		<u>1,243,786</u>	<u>109,766</u>
Taxation	15	-	-
Net income for the year after taxation		<u>1,243,786</u>	<u>109,766</u>
Allocation of net income for the year			
Net income for the year after taxation		1,243,786	109,766
Income already paid on units redeemed		(337,856)	(3,575)
		<u>905,930</u>	<u>106,191</u>
Accounting income available for distribution			
- Relating to capital gains		905,930	49,131
- Excluding capital gains		-	57,060
		<u>905,930</u>	<u>106,191</u>

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

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



**Al Meezan
Mutual Fund**

	2021	2020
	(Rupees in '000)	
Net income for the year after taxation	1,243,786	109,766
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>1,243,786</u>	<u>109,766</u>

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

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

	2021				2020			
	Capital value	(Accumulated losses) / Undistributed income	Over distribution	Total	Capital value	Accumulated losses	Over distribution	Total
	(Rupees in '000)				(Rupees in '000)			
Net assets at the beginning of the year	4,045,463	(109,627)	(22,499)	3,913,337	4,877,433	(109,627)	-	4,767,806
Issuance of 272,540,828 units (2020: 325,182,835 units)								
- Capital value (at net asset value per unit at the beginning of the year)	3,629,590	-	-	3,629,590	4,342,459	-	-	4,342,459
- Element of income	897,229	-	-	897,229	267,904	-	-	267,904
Total proceeds on issuance of units	4,526,819	-	-	4,526,819	4,610,363	-	-	4,610,363
Redemption of 287,702,201 units (2020: 388,371,094 units)								
- Capital value (at net asset value per unit at the beginning of the year)	3,831,503	-	-	3,831,503	5,186,269	-	-	5,186,269
- Element of loss	596,742	337,856	-	934,598	256,064	3,575	-	259,639
Total payments on redemption of units	4,428,245	337,856	-	4,766,101	5,442,333	3,575	-	5,445,908
Total comprehensive income for the year	-	1,221,287	22,499	1,243,786	-	109,766	-	109,766
Distribution during the year	-	-	-	-	-	(106,191)	(22,499)	(128,690)
Income / (loss) for the year less distribution	-	1,221,287	22,499	1,243,786	-	3,575	(22,499)	(18,924)
Net assets at the end of the year	4,144,037	773,804	-	4,917,841	4,045,463	(109,627)	(22,499)	3,913,337
Accumulated losses brought forward								
- Realised (loss) / income		(77,132)				1,197,928		
- Unrealised loss		(32,495)				(1,307,555)		
		(109,627)				(109,627)		
Accounting income available for distribution (after adjusting income already paid on units redeemed)								
- Relating to capital gains	905,930				49,131			
- Excluding capital gains	-				57,060			
	905,930				106,191			
Distribution during the year	-				(106,191)			
Adjustment of over distribution (note 1.6)	(22,499)				-			
Undistributed income / (accumulated losses) carried forward	773,804				(109,627)			
Undistributed income / (accumulated losses) carried forward								
- Realised loss	(27,472)				(77,132)			
- Unrealised income / (loss)	801,276				(32,495)			
	773,804				(109,627)			
	(Rupees)				(Rupees)			
Net assets value per unit at the beginning of the year	13.3176				13.3539			
Net assets value per unit at the end of the year	17.6466				13.3176			

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

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



**Al Meezan
Mutual Fund**

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		1,243,786	109,766
Adjustments for:			
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(801,276)	32,495
		442,510	142,261
(Increase) / decrease in assets			
Investments - net		(66,783)	799,750
Dividend receivable		(12,594)	15,884
Receivable against sale of investments		4,179	4,132
Advance, deposits and other receivable		(68,194)	5,419
		(143,392)	825,185
Increase / (decrease) in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		7,834	(9,546)
Payable to Central Depository Company of Pakistan Limited - Trustee		102	(97)
Payable to the Securities and Exchange Commission of Pakistan (SECP)		84	(5,099)
Payable to Meezan Bank Limited		81	(3)
Payable against purchase of investments		(9,988)	6,520
Accrued expenses and other liabilities		16,277	8,394
		14,390	169
Net cash generated from operating activities		313,508	967,615
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		4,511,781	4,602,560
Payment against issuance and conversion of units		(4,773,779)	(5,467,656)
Dividend paid		(14,655)	(114,035)
Net cash used in financing activities		(276,653)	(979,131)
Net increase / (decrease) in cash and cash equivalents		36,855	(11,516)
Cash and cash equivalents at the beginning of the year		259,646	271,162
Cash and cash equivalents at the end of the year	5	296,501	259,646

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

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** 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 as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the 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, 2008 (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 Regulation) 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 unit holders 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 categorised as an Equity Scheme.
- 1.4** The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2020 (2020: AM1 dated December 31, 2019) and by PACRA dated June 23, 2021 (2020: AM1 dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 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 ended June 30, 2020, the Fund had made excess distribution amounting to Rs 22.499 million which was disclosed in the statement of movement in the Unit holders' Fund as "over distribution". In the current year, the Fund had profits available for distribution in excess of the minimum threshold specified in note 15 to the financial statements and the Fund has utilised such profits to set-off excess distribution made in the previous year.
- 1.7** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company has submitted Collective Investment Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020) to fulfill the requirement for registration of Trust Deed under Sindh Trusts Act, 2020.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund 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, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.4 Critical accounting estimates and judgments

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6) and provision for taxation (note 4.13 and 15).

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 Initial recognition and measurement

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

4.3.2 Classification and subsequent measurement

a) 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.

b) Impairment

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

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

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 Derecognition

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

4.3.5 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the 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.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives 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 unit holders. 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	2021	2020
	----- Rupees in '000 -----	
Balances with banks in:		
Savings accounts	285,161	249,528
Current account	11,340	10,118
	<u>296,501</u>	<u>259,646</u>

- 5.1 These includes a balance of Rs. 11.958 million (2020: Rs. 16.414 million) maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.5% (2020: 3.00%) per annum. Other profit and loss sharing accounts of the Fund have expected profit rates of profit ranging from 1.50% to 7.32% per annum (2020: 2.00% to 7.50% per annum).

Note	2021	2020
	----- Rupees in '000 -----	
6 INVESTMENTS		
Listed equity securities - 'at fair value through profit or loss'	6.1	<u>4,650,421</u> <u>3,782,362</u>

6.1 Investments in equity securities - listed

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market Value as at June 30, 2021	Unrealised appreciation / (diminution) as at June 30, 2021	Percentage in relation to		
									Net assets of the Fund	Market value of total invest- ment	Paid-up capital of investee company (with face value of investment)
									----- (Number of shares) -----		
Automobile Assembler											
Ghandhara Industries Limited	2,200	-	-	-	2,200	266	614	348	0.01	0.01	0.01
Honda Atlas Cars (Pakistan) Limited	31,300	31,000	-	62,300	-	-	-	-	-	-	-
Indus Motor Company Limited	35,640	-	-	35,640	-	-	-	-	-	-	-
Milat Tractors Company Limited	9,675	63,760	6,921	-	80,356	70,589	86,753	16,164	1.76	1.87	0.14
Pak Suzuki Motor Company Limited	-	162,000	-	162,000	-	-	-	-	-	-	-
									1.77	1.88	0.15
Automobile Parts and Accessories											
Agriauto Industries Limited (note 6.1.1)	75,000	-	-	75,000	-	-	-	-	-	-	-
Panther Tyres Limited	-	47,735	-	-	47,735	3,141	3,300	159	0.07	0.07	0.03
									0.07	0.07	0.03
Cable & Electrical Goods											
Pak Elektron Limited	-	850,000	-	850,000	-	-	-	-	-	-	-

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market Value as at June 30, 2021	Unrealised appreciation / (diminution) as at June 30, 2021	Percentage in relation to		
									Net assets of the Fund	Market value of total investment	Paid-up capital of investee company (with face value of investment)
						(Rupees in '000)			%		
Cement											
Attock Cement Pakistan Limited *	-	75,000	-	74,600	400	67	72	5	-	-	-
Cherat Cement Company Limited	-	537,700	-	115,000	422,700	70,869	74,979	4,110	1.52	1.61	0.22
D.G. Khan Cement Company Limited	799,500	1,315,650	-	1,465,000	650,150	74,858	76,666	1,808	1.56	1.65	0.15
Fauji Cement Company Limited *	45,000	515,000	-	500,000	60,000	1,378	1,380	2	0.03	0.03	-
Kohat Cement Limited	673,020	127,800	-	150,000	650,820	92,976	134,388	41,412	2.73	2.89	0.32
Lucky Cement Limited	648,067	139,600	-	222,037	565,630	310,535	488,388	177,853	9.93	10.50	0.17
Maple Leaf Cement Limited	1,971,577	2,950,000	-	2,674,000	2,247,577	88,609	105,591	16,982	2.15	2.27	0.20
Power Cement Limited	-	3,555,000	-	3,555,000	-	-	-	-	-	-	-
									17.92	18.95	1.06
Chemicals											
Dynea Pakistan Limited (note 6.1.1)	-	119,500	-	-	119,500	25,210	26,410	1,200	0.54	0.57	1.27
Engro Polymer & Chemicals Limited	2,318,041	2,460,000	-	2,291,000	2,487,041	93,069	117,488	24,419	2.39	2.53	0.27
Ghani Global Holdings Limited (note 6.1.3)	-	2,200,000	158,000	2,358,000	-	-	-	-	-	-	-
ICI Pakistan Limited	204,679	21,800	-	76,300	150,179	105,821	130,476	24,655	2.65	2.81	0.16
Ittehad Chemicals Limited	216,000	-	-	216,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	65,000	-	-	65,000	-	-	-	-	-	-	-
Sitara Chemical Industries Limited	57,000	26,400	-	54,200	29,200	10,722	10,278	(444)	0.21	0.22	0.14
Sitara Peroxide Limited	400,000	-	-	400,000	-	-	-	-	-	-	-
									5.79	6.13	1.84
Commercial Banks											
BankIslami Pakistan Limited	432,000	5,698,000	-	309,000	5,821,000	62,890	65,428	2,538	1.33	1.41	0.53
Meezan Bank Limited (an associate of the Fund) (note 6.1.3)	1,349,050	1,005,000	154,905	365,000	2,143,955	165,872	247,434	81,562	5.03	5.32	0.15
									6.36	6.73	0.68
Engineering											
Agha Steel Industries Limited	-	4,340,000	-	3,668,000	672,000	21,244	22,667	1,423	0.46	0.49	0.12
Aisha Steel Mills Limited	-	1,325,000	-	-	1,325,000	35,354	33,006	(2,348)	0.67	0.71	0.17
International Industries Limited	221,300	366,000	-	233,000	354,300	66,451	74,764	8,313	1.52	1.61	0.27
International Steel Limited	726,500	270,000	-	707,000	289,500	21,896	27,042	5,146	0.55	0.58	0.07
Ittefaq Iron Industries Limited	-	865,000	-	225,000	640,000	13,225	12,128	(1,097)	0.25	0.26	0.44
Mughal Iron and Steel Industries Limited	1,000	1,028,980	-	512,000	517,980	41,224	54,077	12,853	1.10	1.16	0.21
									4.55	4.81	1.28
Fertilizer											
Engro Corporation Limited (note 6.1.2)	1,283,790	260,000	-	567,000	976,790	288,926	287,772	(1,154)	5.85	6.20	0.17
Engro Fertilizers Limited	2,374,500	855,000	-	1,952,000	1,277,500	79,853	89,770	9,917	1.83	1.93	0.10
Fatima Fertilizer Company Limited	287,000	-	-	287,000	-	-	-	-	-	-	-
									7.68	8.13	0.27
Food and Personal Care Products											
Al-Shaheer Corporation Limited	12,511	486	-	-	12,997	148	259	111	0.01	0.01	0.01
At-Tahir Limited	-	242,000	-	242,000	-	-	-	-	-	-	-
National Foods Limited (note 6.1.1)	4,920	-	1,230	-	6,150	1,232	1,408	176	0.03	0.03	0.01
The Organic Meat Company Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
									0.04	0.04	0.02
Glass and Ceramics											
Ghani Glass Limited	227,500	475,125	-	-	702,625	28,106	33,867	5,761	0.69	0.73	0.13
Ghani Global Glass Limited	-	1,200,000	-	1,200,000	-	-	-	-	-	-	-
Shabbir Tiles & Ceramics Limited (note 6.1.1)	-	1,055,000	-	285,000	770,000	17,816	25,680	7,864	0.52	0.55	0.47
Tariq Glass Industries Limited	29,800	25,000	-	54,800	-	-	-	-	-	-	-
									1.21	1.28	0.60
Leather & Tanneries											
Service Global Footwear Limited	-	234,224	-	-	234,224	12,461	13,545	1,084	0.28	0.29	0.11
									0.28	0.29	0.11
Miscellaneous											
Shifa International Hospitals Limited	-	40,000	-	40,000	-	-	-	-	-	-	-
Siddiqsons Tin Plate Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
Synthetic Products Enterprises Limited *	-	314,545	-	314,000	545	26	23	(3)	-	-	-

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market Value as at June 30, 2021	Unrealised appreciation / (diminution) as at June 30, 2021	Percentage in relation to		
									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 and Gas Exploration Companies											
Mari Petroleum Company Limited	320,881	15,000	-	49,300	286,581	360,730	436,861	76,131	8.88	9.39	0.21
Oil and Gas Development Company Limited	3,029,388	1,465,500	-	2,153,500	2,341,388	248,047	222,502	(25,545)	4.52	4.78	0.05
Pakistan Oilfields Limited	487,929	59,480	-	265,000	282,409	101,805	111,230	9,425	2.26	2.39	0.10
Pakistan Petroleum Limited	2,587,913	1,728,000	-	1,555,550	2,760,363	248,881	239,682	(9,199)	4.87	5.15	0.10
									20.53	21.71	0.46
Oil & Gas Marketing Companies											
Attock Petroleum Limited	172,338	16,000	-	149,200	39,138	11,994	12,564	570	0.26	0.27	0.04
Hascol Petroleum Limited *	2,081,375	451,571	-	2,525,000	7,946	124	71	(53)	-	-	-
Hi-Tech Lubricant Limited	85,000	450,000	-	526,000	9,000	380	638	258	0.01	0.01	0.01
Pakistan State Oil Company Limited	822,688	440,100	-	359,875	902,913	168,494	202,478	33,984	4.12	4.35	0.19
Shell Pakistan Limited	23,700	49,700	-	73,400	-	-	-	-	-	-	-
Sui Northern Gas Pipeline Limited	1,879,000	1,275,000	-	2,081,000	1,073,000	48,393	52,126	3,733	1.06	1.12	0.17
									5.45	5.75	0.41
Paper and Board											
Century Paper and Board Mills Limited	350,000	345,900	112,100	75,000	733,000	54,515	89,477	34,962	1.82	1.92	0.42
Cherat Packaging Limited *	125,180	-	-	125,000	180	21	36	15	-	-	-
Packages Limited	205,928	16,000	-	-	221,928	79,640	120,995	41,355	2.46	2.61	0.25
Roshan Packages Limited	200,000	-	-	200,000	-	-	-	-	-	-	-
Security Papers Limited	-	46,800	-	-	46,800	9,251	6,766	(2,485)	0.14	0.15	0.08
									4.42	4.68	0.75
Pharmaceuticals											
AGP Limited	961,750	25,000	-	510,500	476,250	52,280	55,878	3,598	1.14	1.20	0.17
GlaxoSmithKline Consumer Health Care Limited	150,200	-	-	33,000	117,200	31,841	29,311	(2,530)	0.60	0.63	0.10
GlaxoSmithKline Pakistan Limited	10,000	-	-	10,000	-	-	-	-	-	-	-
Highnoon Laboratories Limited	1,751	-	175	-	1,926	878	1,156	278	0.02	0.02	0.01
IBL HealthCare Limited	-	188,500	-	25,000	163,500	19,882	18,170	(1,712)	0.37	0.39	0.30
The Searle Company Limited	338,248	125,172	-	49,000	414,420	85,633	100,547	14,914	2.04	2.16	0.20
									4.17	4.40	0.78
Power Generation and Distribution											
K-Electric Limited (note 6.1.1)	25,973,500	7,010,000	-	19,096,000	13,887,500	45,776	58,050	12,274	1.18	1.25	0.14
The Hub Pow er Company Limited	3,392,316	1,345,000	-	2,936,000	1,801,316	142,951	143,511	560	2.92	3.09	0.14
									4.10	4.34	0.28
Refinery											
Attock Refinery Limited	-	190,000	-	150,000	40,000	11,282	10,258	(1,024)	0.21	0.22	0.04
Byco Petroleum Pakistan Limited	-	3,400,000	-	240,000	3,160,000	33,031	36,688	3,657	0.75	0.79	0.06
National Refinery Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
									0.96	1.01	0.10
Technology and Communication											
Avanceon Limited	143,440	795,000	63,688	495,000	507,128	37,015	46,493	9,478	0.95	1.00	0.20
Pakistan Telecommunication Company Limited	-	1,215,000	-	1,215,000	-	-	-	-	-	-	-
Systems Limited	265,750	105,000	29,925	81,500	319,175	64,448	178,808	114,360	3.64	3.85	0.23
TPL Trakker Limited	-	583,000	-	511,000	72,000	864	1,261	397	0.03	0.03	0.04
									4.62	4.88	0.47
Textile Composite											
Kohinoor Textile Mills Limited	-	50,000	-	10,000	40,000	3,040	3,008	(32)	0.06	0.06	0.01
Nishat Mills Limited	150,100	1,083,000	-	605,000	628,100	63,662	58,602	(5,060)	1.19	1.26	0.18
Interloop Limited	1,802,000	325,000	-	503,500	1,623,500	77,214	113,694	36,480	2.31	2.44	0.19
									3.56	3.76	0.38
Textile Weaving											
Feroze1888 Mills Limited	450,700	101,000	-	352,000	199,700	17,388	20,072	2,684	0.41	0.43	0.05
									0.41	0.43	0.05
Vanaspati and Allied Industries											
Unity Foods Limited	300,000	4,815,000	-	4,355,000	760,000	24,851	33,835	8,984	0.69	0.73	0.08
									0.69	0.73	0.08
Total as at June 30, 2021						3,849,145	4,650,421	801,276	94.58	100.00	
Total as at June 30, 2020						3,814,857	3,782,362	(32,495)			

* Nil figures due to rounding off difference

- 6.1.1** All shares have a nominal value of Rs 10 each except for the shares of Agriauto Industries Limited, Dynea Pakistan Limited, National Foods Limited and Shabbir Tiles & Ceramics 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** 202,000 shares (June 30, 2020: 202,000 shares) of Engro Corporation Limited, having market value of Rs 59.51 million (June 30, 2020: Rs 59.17 million) as at June 30, 2021, 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 judgment 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 year ended June 30, 2021, the CISs had filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh had issued notices to the relevant parties and had 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, 2021, the market value of bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.9.261 million (2020: Rs 7.794 million).

	Note	2021 ----- Rupees in '000 -----	2020
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	4,650,421	3,782,362
Carrying value of investments	6.1	(3,849,145)	(3,814,857)
		<u>801,276</u>	<u>(32,495)</u>
7 ADVANCE, DEPOSITS AND OTHER RECEIVABLE			
Security deposit with Central Depository Company of Pakistan Limited		238	238
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Advance against Initial Public Offer	7.1	66,836	-
Profit accrued on balances with banks		1,645	287
		<u>71,219</u>	<u>3,025</u>

- 7.1** This pertains to advance made against subscription of IPO of Pakistan Aluminium Beverage Cans Limited.

8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2021 ----- Rupees in '000 -----	2020
	Remuneration payable	8.1	577	877
	Sindh Sales Tax on remuneration payable	8.2	75	114
	Allocated expenses payable	8.3	450	325
	Sales load payable		181	192
	Sindh Sales Tax payable on sales load		24	25
	Selling and marketing expenses payable	8.4	11,878	3,818
			<u>13,185</u>	<u>5,351</u>

8.1 As per regulation 61 of the NBFC Regulations 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2020: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs. 12.179 million (2020: Rs. 10.968 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. 12.218 million (2020: Rs. 11.182 million) has been paid to the Management Company which acts as a collecting agent.

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

The Management Company based on its own discretion charged 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund from July 1, 2020 till March 9, 2021 and 0.11% with effect from March 10, 2021 (2020: 0.1%).

8.4 In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion has charged selling and marketing expenses at the following rates of the average annual net assets of the Fund during the year.

Rate applicable from July 1, 2020 to March 9, 2021	Rate applicable from March 10, 2021 to June 30, 2021	2020
0.4% of the average annual net assets	1% of the average annual net assets	0.4% of the average annual net assets

The above rates have also been approved by the Board of Directors of the Management Company.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2021 ----- Rupees in '000 -----	2020
	Trustee fee payable	9.1	493	403
	Sindh Sales Tax payable on trustee fee	9.2	64	52
			<u>557</u>	<u>455</u>

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

On net assets:

- up to Rs 1,000 million 0.7 million or 0.2% 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 0.739 million (2020: Rs. 0.678 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. 0.727 million (2020: Rs. 0.689 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 "Equity scheme" is required to pay annual fee to the Securities and Exchange Commission of Pakistan.

Accordingly, the Fund has charged the SECP Fee at the rate of 0.02% (2020: 0.2%) of average annual net assets of the Fund during the current year.

		Note	2021	2020
11	ACCRUED EXPENSES AND OTHER LIABILITIES		----- Rupees in '000 -----	
	Auditors' remuneration payable		585	585
	Brokerage payable		5,236	7,082
	Shariah advisor fee payable		209	269
	Charity payable	11.1	9,024	6,827
	Withholding tax payable		-	9,415
	Capital gain tax payable		1,469	1,469
	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	77,691	52,308
	Zakat payable		60	42
			<u>135,530</u>	<u>119,253</u>

- 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, 2021, Shariah non-compliant income amounting to Rs 5.697 million (2020 : Rs 5.129 million) was charged as charity expense and Rs 3.500 million was disbursed to following charitable / welfare organisations respectively:

S.No.	Charitable Organisations	2021 Rupees in '000	Charitable Organisations	2020 Rupees in '000
1	Afzaal Memorial Thalassemia Foundation	200	Roshni Homes	200
2	Dhoraji Youth Services Foundation	200	Women Islamic Lawyer (WIL) Forum	200
3	Edhi Foundation	300	Jamal Noor Hospital	300
4	Chippa Welfare Association	300	Fatimid Foundation Kidney Center	300
5	IBA Centre for Excellence in Islamic Finance	500	Autism Society of Pakistan	500
			Chippa Welfare Association	500
			Edhi Foundation	500
			The Patients behbud Society for AKUH	1,000
	Total	<u>1,500</u>	Total	<u>3,500</u>

- 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 made 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, 2021 would have been higher by Re 0.15 (2020: Re 0.14) 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 with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.28 per unit (2020: Re 0.18 per unit).

12 CONTINGENCIES AND COMMITMENTS

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

	2021	2020
	----- Rupees in '000 -----	
13 AUDITORS' REMUNERATION		
Annual audit fee	641	655
Half yearly review fee	119	119
Out of pocket expenses	36	41
	<u>796</u>	<u>815</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 4.07% (2020: 3.41%) which includes 0.87% 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 unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties 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.



Transactions with connected persons / related parties 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.

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

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

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

Balances

	2021	2020
	----- Rupees in '000 -----	
Al Meezan Investment Management Limited (Management Company)		
Remuneration payable to the Management Company	577	877
Sindh Sales Tax payable on remuneration of the Management Company	75	114
Sales load payable	181	192
Sindh Sales Tax payable on sales load	24	25
Allocated expenses payable	450	325
Selling and marketing expenses payable	11,878	3,818
Investment of 24,508,118 units (2020: 30,854,173 units)	432,484	410,904
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Security deposit	238	238
Remuneration payable to the Trustee	493	403
Sindh Sales Tax on remuneration of the Trustee	64	52
Meezan Bank Limited		
Profit receivable on saving account	64	70
Balance with bank	11,958	16,414
Sales load payable	89	18
Sindh Sales Tax on sales load	12	2
Investment in 22,984,581 units (2020: 22,984,581 units)	405,599	306,099
Investment in 2,143,955 shares (2020: 1,349,050 shares)	247,434	92,882
Shariah Advisor fee payable	209	269
MSAF - Meezan Strategic Allocation Plan - I		
Investment of 9,530,913 units (2020: 9,865,832 units)	168,188	131,389
MSAF - Meezan Strategic Allocation Plan - II		
Investment of 11,986,975 units (2020: 12,644,001 units)	211,529	168,388
MSAF - Meezan Strategic Allocation Plan - IV		
Investment of 2,774,152 units (2020: 7,770,394 units)	48,954	103,483
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment of 3,758,262 units (2020: 3,382,999 units)	66,320	45,053
MSAF - Meezan Strategic Allocation Plan - III		
Investment of 2,701,461 units (2020: 563,466 units)	47,672	7,504
MSAF - Meezan Strategic Allocation Plan - V		
Investment of 130,368 units (2020: 160,990 units)	2,301	2,144
Directors and executives of the Management Company		
Investment of 7,030,082 units (2020: 8,693,977 units)	124,057	115,783

Balances	2021	2020
	----- Rupees in '000 -----	
Pakistan Kuwait Investment Company (Private) Limited		
Investment of 16,895,690 units (2020: 16,895,690 units)	<u>298,151</u>	<u>225,010</u>
AI Meezan Investment Management Limited - Employees Gratuity Fund		
Investment of 438,459 units (2020: nil)	<u>7,737</u>	<u>-</u>
Unit holders holding 10% or more units of the Fund	<u>-</u>	<u>410,904</u>
Transactions during the year	For the year ended June 30,	
	2021	2020
	----- Rupees in '000 -----	
AI Meezan Investment Management Limited (Management Company)		
Remuneration to the Management Company	<u>93,684</u>	<u>84,366</u>
Sindh Sales Tax on remuneration of the Management Company	<u>12,179</u>	<u>10,968</u>
Allocated expenses	<u>4,832</u>	<u>4,218</u>
Selling and marketing expenses	<u>27,601</u>	<u>16,873</u>
Issuance of 2,282,882 units (2020: 49,024,338 units)	<u>35,000</u>	<u>704,081</u>
Redemption of 8,628,937 units (2020: 55,950,275 units)	<u>145,500</u>	<u>806,474</u>
Dividend paid	<u>-</u>	<u>13,496</u>
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Remuneration of the Trustee	<u>5,684</u>	<u>5,219</u>
Sindh Sales Tax on remuneration of the Trustee	<u>739</u>	<u>678</u>
CDS charges	<u>277</u>	<u>286</u>
Meezan Bank Limited		
Profit on saving account	<u>352</u>	<u>4,160</u>
Purchase of 1,005,000 shares (2020: 1,976,000 shares)	<u>100,872</u>	<u>140,500</u>
Sale of 365,000 shares (2020: 1,525,000 shares)	<u>39,067</u>	<u>106,094</u>
Bonus shares: 154,905 shares (2020: nil)	<u>-</u>	<u>-</u>
Issuance of nil units (2020: 752,354 units)	<u>-</u>	<u>10,005</u>
Dividend income	<u>15,505</u>	<u>4,785</u>
Dividend paid	<u>-</u>	<u>10,005</u>
Shariah Advisor fee	<u>480</u>	<u>539</u>
MSAF - Meezan Strategic Allocation Plan - I		
Issuance of 10,655,005 units (2020: 10,488,716 units)	<u>188,725</u>	<u>143,527</u>
Redemption of 10,989,924 units (2020: 19,471,353 units)	<u>193,018</u>	<u>255,703</u>
Dividend Paid	<u>-</u>	<u>4,294</u>
MSAF - Meezan Strategic Allocation Plan - II		
Issuance of 15,530,373 units (2020: 12,955,442 units)	<u>274,991</u>	<u>177,691</u>
Redemption of 16,187,399 units (2020: 23,130,041 units)	<u>282,088</u>	<u>308,947</u>
Dividend Paid	<u>-</u>	<u>5,504</u>
MSAF - Meezan Strategic Allocation Plan - IV		
Issuance of 3,497,426 units (2020: 13,408,706 units)	<u>62,327</u>	<u>188,742</u>
Redemption of 8,493,668 units (2020: 7,516,046 units)	<u>143,378</u>	<u>103,360</u>
Dividend Paid	<u>-</u>	<u>3,382</u>
Meezan Financial Planning Fund of Funds - MAAP - I		
Issuance of 7,452,703 units (2020: 7,703,700 units)	<u>131,376</u>	<u>112,472</u>
Redemption of 7,077,440 units (2020: 4,360,492 units)	<u>124,208</u>	<u>61,000</u>
Dividend Paid	<u>-</u>	<u>1,473</u>



Transactions during the year

For the year ended June 30,

2021 2020

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

MSAF - Meezan Strategic Allocation Plan - III

Issuance of 5,130,299 units (2020: 1,108,489 units)

Redemption of 2,992,304 units (2020: 545,023 units)

Dividend Paid

89,359	14,740
53,474	7,495
-	245

MSAF - Meezan Strategic Allocation Plan - V

Issuance of 399,627 units (2020: 316,711 units)

Redemption of 430,249 units (2020: 155,721 units)

Dividend Paid

6,968	4,212
7,639	2,141
-	70

AI Meezan Investment Management Limited - Employees Gratuity Fund

Units issued: 438,459 (2020: nil)

7,000	-
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Pakistan Kuwait Investment Company (Private) Limited

Dividend Paid

-	7,603
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Directors and executives of the Management Company

Issuance of units 4,947,551 (2020: 5,641,735 units)

Redemption of 6,629,663 units (2020: 29,678,309 units)

74,483	75,796
109,808	349,173

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

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

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

Financial assets

Balances with banks
Investments
Receivable against sale of investments
Receivable against conversion of units
Dividend receivable
Advance, deposits and other receivable

296,501	-	296,501
-	4,650,421	4,650,421
12,682	-	12,682
36,375	-	36,375
21,910	-	21,910
71,219	-	71,219
438,687	4,650,421	5,089,108

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

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

Financial liabilities

Payable to AI Meezan Investment Management Limited
- Management Company
Payable to the Central Depository Company of Pakistan Limited - Trustee
Payable to Meezan Bank Limited
Payable against conversion and redemption of units
Payable against purchase of investments
Dividend payable
Accrued expenses and other liabilities

-	13,185	13,185
-	557	557
-	101	101
-	16,040	16,040
-	-	-
-	4,917	4,917
-	9,818	9,818
-	44,618	44,618

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
Advance, deposits and other receivable	3,025	-	3,025
	<u>310,185</u>	<u>3,782,362</u>	<u>4,092,547</u>

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
	<u>-</u>	<u>73,867</u>	<u>73,867</u>

18 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 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:

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 risk, currency risk and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on its balances held with banks. 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. 2.852 million (2020: Rs. 2.559 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, 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, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

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

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

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

Financial assets

Balances with banks	1.50% - 7.32%	285,161	-	-	11,340	296,501
Investments		-	-	-	4,650,421	4,650,421
Receivable against sale of investments		-	-	-	12,682	12,682
Receivable against conversion of units		-	-	-	36,375	36,375
Dividend receivable		-	-	-	21,910	21,910
Advance, deposits and other receivable		-	-	-	71,219	71,219
		285,161	-	-	4,803,947	5,089,108

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	13,185	13,185
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	557	557
Payable to Meezan Bank Limited		-	-	-	101	101
Payable against conversion and redemption of units		-	-	-	16,040	16,040
Payable against purchase of investments		-	-	-	-	-
Dividend payable		-	-	-	4,917	4,917
Accrued expenses and other liabilities		-	-	-	9,818	9,818
		-	-	-	44,618	44,618

On-balance sheet gap (a)	285,161	-	-	4,759,329	5,044,490
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap (b)	-	-	-	-	-
Total profit rate sensitivity gap (a+b)	285,161	-	-		
Cumulative profit rate sensitivity gap	285,161	285,161	285,161		

----- 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
Advance, deposits and other receivable		-	-	-	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 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
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Off-balance sheet financial instruments

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

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

249,528	-	-
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Cumulative profit rate sensitivity gap

249,528	249,528	249,528
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(ii) Currency risk

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

(iii) Price risk

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

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

In case of 1% increase / decrease in KMI 30 index on June 30, 2021, with all other variables held constant, total income of the fund would increase / decrease by Rs 46.504 million (2020: Rs 37.823 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.

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, 2021 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 such borrowing is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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

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

2021						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						

Financial assets

Balances with banks	296,501	-	-	-	-	296,501
Investments	-	-	-	-	4,650,421	4,650,421
Receivable against sale of investments	12,682	-	-	-	-	12,682
Receivable against conversion of units	36,375	-	-	-	-	36,375
Dividend receivable	21,910	-	-	-	-	21,910
Advance, deposits and other receivable	68,481	-	-	-	2,738	71,219
	435,949	-	-	-	4,653,159	5,089,108

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	13,185	-	-	-	-	13,185
Payable to Central Depository Company of Pakistan Limited - Trustee	557	-	-	-	-	557
Payable to Meezan Bank Limited	101	-	-	-	-	101
Payable against conversion and redemption of units	16,040	-	-	-	-	16,040
Payable against purchase of investments	-	-	-	-	-	-
Dividend payable	4,917	-	-	-	-	4,917
Accrued expenses and other liabilities	5,236	9,818	-	-	-	15,054
	40,036	9,818	-	-	-	49,854
Net assets / (liabilities)	395,913	(9,818)	-	-	4,653,159	5,039,254

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
Advance, deposits and other receivable	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
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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:

2021		2020	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk

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

Bank balances	296,501	296,501	259,646	259,646
Investments	4,650,421	-	3,782,362	-
Receivable against conversion of units	36,375	36,375	21,337	21,337
Dividend receivable	21,910	21,910	9,316	9,316
Receivable against sale of investments	12,682	12,682	16,861	16,861
Advance, deposits and other receivable	71,219	71,219	3,025	3,025
	5,089,108	438,687	4,092,547	310,185

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 4,650.418 million (2020: Rs 3,782.362 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.

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 conversion of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2021	2020
AAA	33.37%	3.79%
AA+	16.19%	34.41%
AA	49.35%	-
A+	1.05%	61.79%
A	0.04%	0.01%
	100%	100%

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

Financial assets	2021		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
At fair value through profit or loss	4,650,421	-	-
	4,650,421	-	-

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

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	2021			2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	4,391	1,559,344	31.71	4,029	1,281,030	32.73
Associated Companies / Directors	13	1,804,612	36.70	11	1,511,311	38.62
Insurance Companies	1	161,350	3.28	1	121,769	3.11
Banks and DFIs	1	10,127	0.20	1	7,643	0.20
Retirement Funds	22	1,255,184	25.52	23	925,457	23.65
Public Limited Companies	-	-	-	-	-	-
Others	35	127,224	2.59	32	66,127	1.84
	4,463	4,917,841	100%	4,097	3,913,337	100%

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2021		2020	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Invest & Finance Securities Limited	9%	Invest and Finance Securities Limited	8%
Standard Capital Securities (Private) Limited	8%	AKD Securities Limited	8%
Taurus Securities Limited	7%	Taurus Securities Limited	8%
AKD Securities Limited	6%	Foundation Securities (Private) Limited	7%
Alfalsh Securities (Private) Limited	5%	Standard Capital Securities (Private) Limited	6%
BMA Capital Management Limited	4%	Top Line Securities (Private) Limited	6%
Foundation Securities (Private) Limited	4%	JS Global Capital Limited	6%
Optimus Capital Management (Private) Limited	4%	Arif Habib Securities Limited	5%
Summit Capital Market	4%	Optimus Capital Management (Private) Limited	5%
Ismail Iqbal Securities (Private) Limited	4%	BMA Capital Management 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 One years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Five years
Mr. Taha Javed	Head of Equity	CFA / MBA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fourteen years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Eleven years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fourteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Twelve years
Mr. Ali Asghar	Head of Research	CFA / MBA (in progress)	Ten years

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

- Meezan Energy Fund; and
- Meezan Tahaffuz Pension Fund

24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

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

25 CORRESPONDING FIGURES

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

26 DATE OF AUTHORISATION FOR ISSUE

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

27 GENERAL

27.1 COVID-19

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

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

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

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

27.3 Subsequent events

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP. All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been incorporated in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.28 per unit (2020: Re 0.18 per unit).

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

Chief Executive

Chief Financial Officer

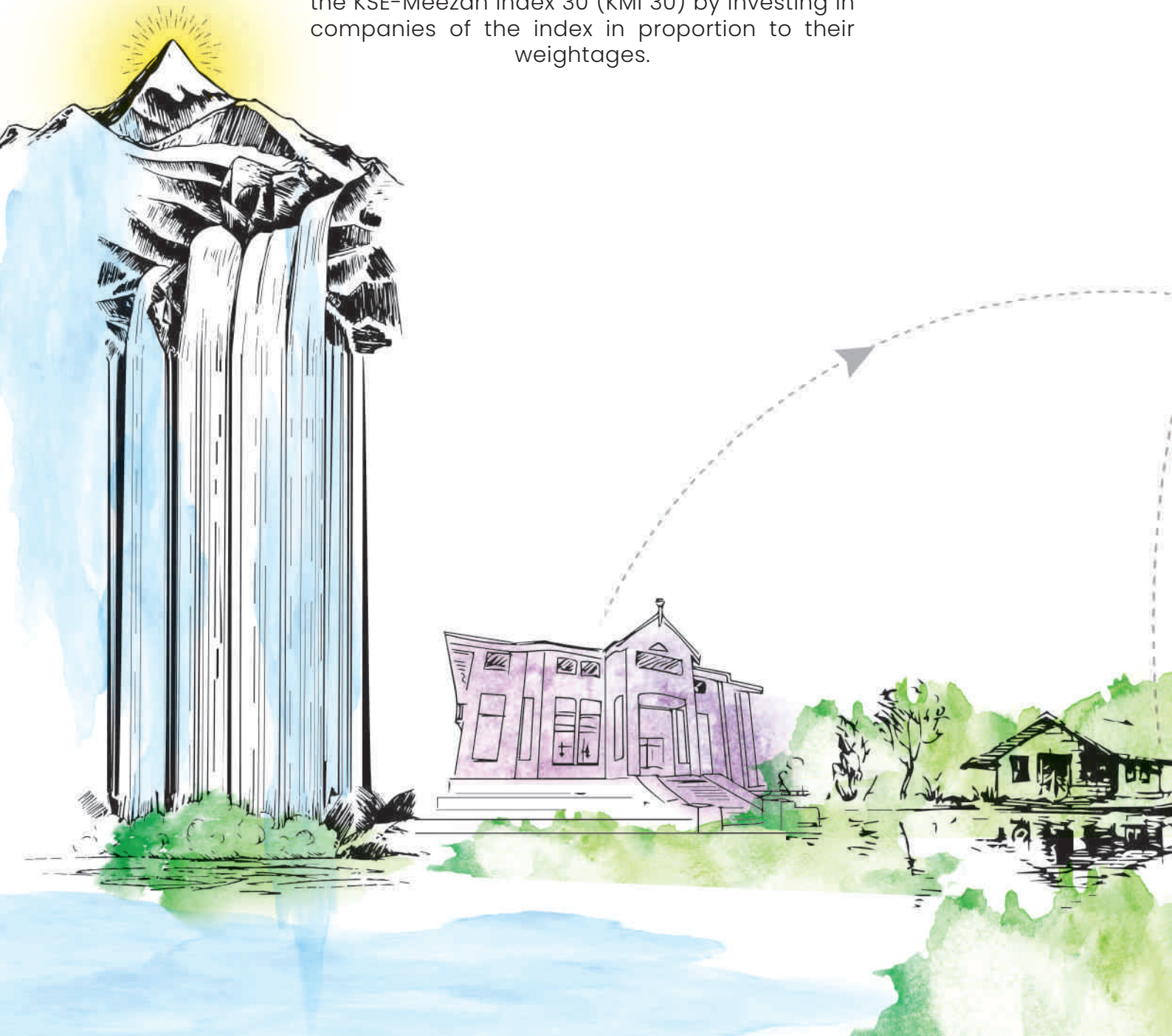
Director



Al Meezan
Investment Management Ltd.

KSE-MEEZAN INDEX FUND (KMIF)

KSE Meezan Index Fund 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.



ONE OF THE MOST
SOUGHT-AFTER
TOURIST DESTINATION



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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: bawaney@cyber.net.pk

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

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

Type of Fund

Open end index tracker fund

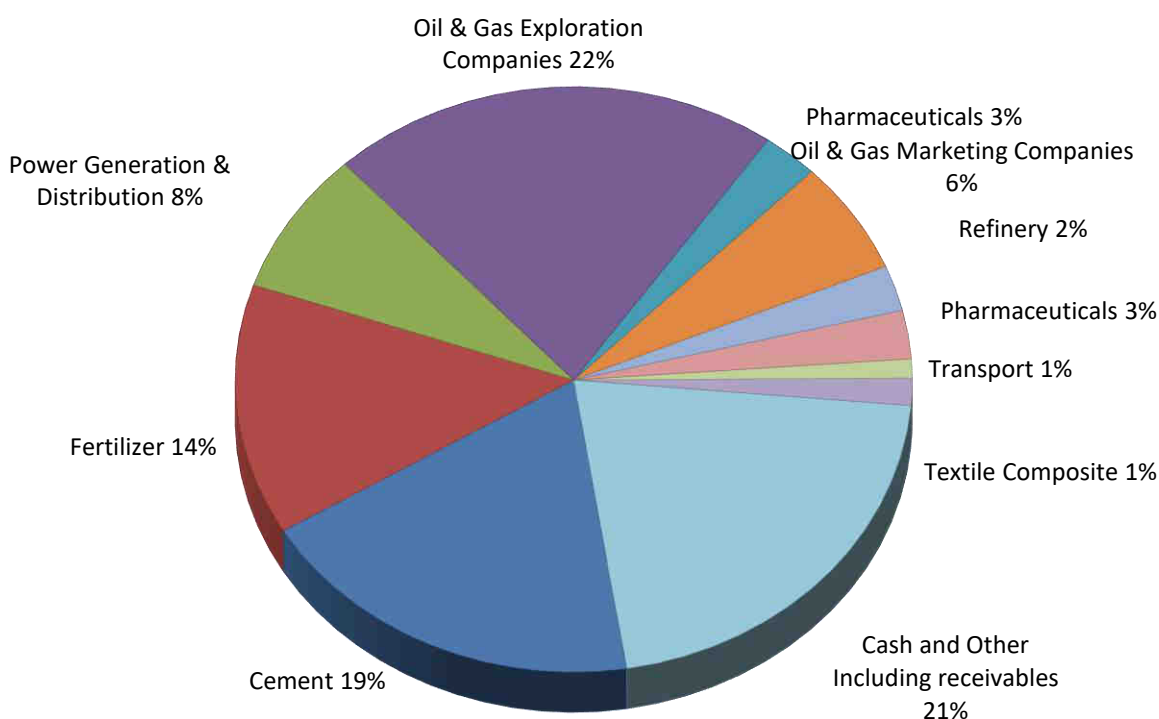
Objective

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 2021

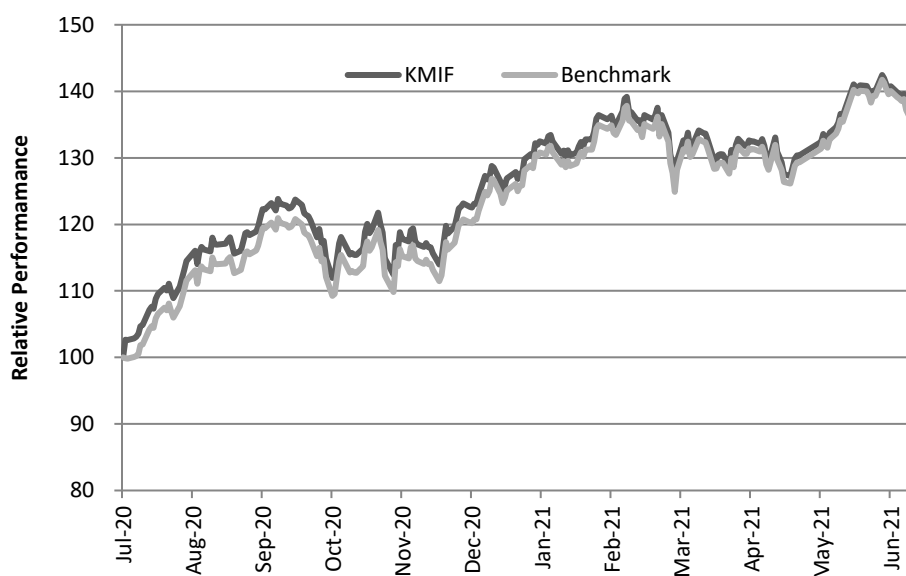


Performance Review

During FY21, KSE Meezan Index Fund (KMIF) provided a positive return of 36.43% to its investors while KSE Meezan Index (KMI 30) appreciated 39.32% to close at 76,622 pts. On a gross basis, the fund's return was 2.83%.

	KMIF	KMI-30
Net Asset Value (NAV) as on June 30, 2020	53.41	54,995
Net Asset Value (NAV) as on June 30, 2021	72.87	76,622
Return During the Period	36.43%	39.32%

KMIF posted a total Income of Rs. 753 million in the fiscal year 2021 as compared to a total income of Rs. 58 million last year. Total Income comprised of realized gain and unrealized capital gain on investments of Rs. 210 million and Rs. 404 million respectively. Dividend income contributed Rs. 134 million to income, while profit on saving accounts with banks amounted to Rs. 0.64 million. After accounting for expenses of Rs. 60 million, the Fund posted a net Income of Rs. 693 million. The net assets of the Fund as at June 30, 2021 were Rs. 2,697 million as compared to Rs. 1,857 million at the end of last year depicting an Increase of 45%. The net asset value per unit as at June 30, 2021 was Rs. 72.8711 as compared to Rs. 53.4129 per unit as on June 30, 2020.



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, 2021 an amount of Rs. 3.3 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2021.

Breakdown of unit holdings by size:

(As on June 30, 2021)

Range (Units)	No. of investors
1 - 9,999	1,512
10,000 - 49,999	106
50,000 - 99,999	13
100,000 - 499,999	10
500,000 and above	9
Total	1,650

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	1	1	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.



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

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

Alhamdulillah, the period from July 2020 to June 30, 2021 was the Ninth 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 *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity

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

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance 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, 2021 and their evaluation according to the screening criteria established by us. (December 31, 2020 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Lucky Cement Ltd.	Cement	26.58%	1.36%	2.46%	83.54%	(401.95)	
Engro Corporation Ltd.	Fertilizer	35.22%	25.23%	4.80%	57%	(189.71)	
The Hub Power Co. Ltd.	Power Generation and Distribution	23.52%	0.00%	4.66%***	53%	(38.21)	
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	18.90%	4.74%****	30%	100.44	103.77



Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	14.34%	2.01%	31%	76.47	90.33
Pakistan Oilfields Ltd.	Oil & Gas Exploration Companies	0.00%	5.56%	2.34%	38.84%	13.86	350.63
Pakistan State Oil	Oil & Gas Marketing Companies	19.79%	0.00%	0.46%	31.12%	(33.23)	

* 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.

*** In Income ratio calculation, China Power Hub Generation Company which is an associated investee company of HUBC whose revenues are consolidated with HUBC revenues up to the extent of HUBC investment.

**** Total Assets of OGDC are adjusted with non-cash items arising due to the adoption of IFRS 16 'Leases' in respect of sale agreements with HUPL and UCH-II

- ii. On the basis of information provided by the management, all operations of KMIF for the year ended June 30, 2021 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

Shari'ah Advisor

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, 2021 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 16, 2021

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of 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, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer 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, 2021 amounted to Rs 2,697.866 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - 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, 2021 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.

24/12



Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

AMC



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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


Chartered Accountants
Karachi

Date: September 15, 2021

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



KSE-Meezan
Index Fund

	Note	2021	2020
		-----Rupees in '000'-----	
Assets			
Balances with banks	5	22,649	46,350
Investments	6	2,697,866	1,857,289
Receivable against sale of investments		24,234	-
Receivable against conversion of units		1,182	1,130
Dividend receivable		4,155	8,277
Deposits and other receivables	7	2,684	2,632
Total assets		2,752,770	1,915,678
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	905	2,088
Payable to Central Depository Company of Pakistan Limited - Trustee	9	349	259
Payable to the Securities and Exchange Commission of Pakistan	10	489	342
Payable to Meezan Bank Limited		253	93
Payable against conversion and redemption of units		1,923	497
Payable against purchase of investments		12,393	33,760
Accrued expenses and other liabilities	11	39,954	21,466
Total liabilities		56,266	58,505
NET ASSETS		<u>2,696,504</u>	<u>1,857,173</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>2,696,504</u>	<u>1,857,173</u>
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		<u>37,003,744</u>	<u>34,770,100</u>
		(Rupees)	
NET ASSET VALUE PER UNIT		<u>72.8711</u>	<u>53.4129</u>

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, 2021

	Note	2021	2020
		-----Rupees in '000'-----	
Income			
Dividend income		134,041	89,930
Profit on saving accounts with banks		639	964
Net realised gain on sale of investments		209,906	63,384
Other income		4,494	2,686
		349,080	156,964
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	404,023	(98,500)
Total income		<u>753,103</u>	<u>58,464</u>
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	24,442	17,105
Sindh Sales Tax on remuneration of the Management Company	8.2	3,178	2,224
Allocated expenses	8.3	2,526	1,711
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,443	2,711
Sindh Sales Tax on remuneration of the Trustee	9.2	448	352
Annual fees to Securities and Exchange Commission of Pakistan	10	489	342
Brokerage expense		6,196	3,741
Auditors' remuneration	13	426	370
Fee and subscription		561	572
Printing expense		-	9
Charity expense	11.2	3,327	2,972
Bank and settlement charges		633	733
Provision for Sindh Workers' Welfare Fund	11.3	14,149	512
Total expenses		<u>59,818</u>	<u>33,354</u>
Net income for the year before taxation		<u>693,285</u>	<u>25,110</u>
Taxation	15	-	-
Net income for the year after taxation		<u>693,285</u>	<u>25,110</u>
Allocation of net income for the year			
Net income for the year after taxation		693,285	25,110
Income already paid on units redeemed		(319,439)	(6)
		<u>373,846</u>	<u>25,104</u>
Accounting income available for distribution			
- Relating to capital gains		373,846	25,104
- Excluding capital gains		-	-
		<u>373,846</u>	<u>25,104</u>

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

For AI-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

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



**KSE-Meezan
Index Fund**

	2021	2020
	-----Rupees in '000'-----	
Net income for the year after taxation	693,285	25,110
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>693,285</u></u>	<u><u>25,110</u></u>

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, 2021

	2021			2020		
	Capital value	(Accumulated losses) / undistributed income	Total	Capital value	Accumulated losses	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Net assets at the beginning of the year	2,094,337	(237,164)	1,857,173	1,779,406	(262,268)	1,517,138
Issuance of 39,326,660 units (2020: 20,373,779 units)						
- Capital value (at net asset value per unit at the beginning of the year)	2,100,551	-	2,100,551	1,078,730	-	1,078,730
- Element of income	640,390	-	640,390	47,413	-	47,413
Total proceeds on issuance of units	2,740,941	-	2,740,941	1,126,143	-	1,126,143
Redemption of 37,093,016 units (2020: 14,257,578 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,981,246	-	1,981,246	754,896	-	754,896
- Element of loss	294,210	319,439	613,649	56,316	6	56,322
Total payments on redemption of units	2,275,456	319,439	2,594,895	811,212	6	811,218
Total comprehensive income for the year	-	693,285	693,285	-	25,110	25,110
Distribution during the year	-	-	-	-	-	-
Net income for the year less distribution	-	693,285	693,285	-	25,110	25,110
Net assets at the end of the year	<u>2,559,822</u>	<u>136,682</u>	<u>2,696,504</u>	<u>2,094,337</u>	<u>(237,164)</u>	<u>1,857,173</u>
Accumulated losses brought forward						
- Realised (loss) / income		(138,664)			184,604	
- Unrealised loss		(98,500)			(446,872)	
		<u>(237,164)</u>			<u>(262,268)</u>	
Accounting income available for distribution						
- Relating to capital gains	373,846			25,104		
- Excluding capital gains	-			-		
	<u>373,846</u>			<u>25,104</u>		
Distribution during the year	-			-		
Undistributed income / (accumulated losses) carried forward		<u>136,682</u>			<u>(237,164)</u>	
Undistributed income / (accumulated losses) carried forward						
- Realised loss		(267,341)			(138,664)	
- Unrealised income / (loss)		404,023			(98,500)	
		<u>136,682</u>			<u>(237,164)</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		<u>53.4129</u>			<u>52.9470</u>	
Net asset value per unit at the end of the year		<u>72.8711</u>			<u>53.4129</u>	

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, 2021**



**KSE-Meezan
Index Fund**

	Note	2021 -----Rupees in '000'-----	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year after taxation		693,285	25,110
Adjustments for:			
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(404,023)	98,500
		289,262	123,610
(Increase) / decrease in assets			
Investments - net		(460,788)	(432,913)
Dividend receivable		4,122	1,717
Deposits and other receivables		(52)	124
		(456,718)	(431,072)
(Decrease) / increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(1,183)	581
Payable to Central Depository Company of Pakistan Limited - Trustee		90	30
Payable to the Securities and Exchange Commission of Pakistan		147	(1,222)
Payable to Meezan Bank Limited		160	79
Payable against purchase of investments		(21,367)	(10,910)
Accrued expenses and other liabilities		18,488	2,195
		(3,665)	(9,247)
Net cash used in operating activities		(171,121)	(316,709)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		2,740,889	1,165,119
Payment against redemption and conversion of units		(2,593,469)	(810,995)
Net cash generated from financing activities		147,420	354,124
Net (decrease) / increase in cash and cash equivalents during the year		(23,701)	37,415
Cash and cash equivalents at the beginning of the year		46,350	8,935
Cash and cash equivalents at the end of the year	5	22,649	46,350

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, 2021

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, 2020 (2020: AM1 dated December 31, 2019) and by PACRA dated June 23, 2021 (2020: AM1 dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company after fulfilling the requirement for registration of Trust Deed under Sindh Act 2020, has submitted Collective Investment Scheme Trust Deed to Registrar acting under Sindh Act 2020 for registration.

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, 2020 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, 2023
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2023

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, 2021 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

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

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

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 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 recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

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

4.3.3 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 re-measurement 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.
- 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	2021	2020
	-----Rupees in '000'-----	
5.1	17,992	43,559
	4,657	2,791
	<u>22,649</u>	<u>46,350</u>

Balances with banks in:

Savings accounts

Current accounts

- 5.1 The balances in saving accounts have expected profit rates ranging from 1.50% to 2.50% per annum (2020: 1.5% to 3.00% per annum).

6 INVESTMENTS

Note	2021	2020
	-----Rupees in '000'-----	
6.1	<u>2,697,866</u>	<u>1,857,289</u>

At fair value through profit or loss

Investment in equity securities - listed

6.1 Investments in equity securities - listed

Name of the investee company	As at July 1, 2020	Purchases during the year	Rights / Bonus issue	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution) as at June 30, 2021	Percentage in relation to		
									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)		----- % -----			

Sectors / companies
Automobile Assembler

Honda Atlas Cars (Pakistan) Limited	71,200	49,500	-	40,600	80,100	18,791	27,697	8,906	1.03	0.06	1.03
Milat Tractors Limited	50,412	34,910	8,641	15,110	78,853	55,786	85,131	29,345	3.16	0.16	3.16
Gandhara Industries	-	35,700	-	-	35,700	10,163	9,961	(202)	0.37	0.08	0.37
Indus Motor Company Limited	-	48,300	-	48,300	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	43,800	-	-	43,800	-	-	-	-	-	-	-
									4.55	0.30	4.55

Bank

Meezan Bank Limited (an associate of the Fund)	739,701	458,578	93,570	296,036	995,813	69,884	114,927	45,043	4.26	0.07	4.26
									4.26	0.07	4.26

Cable And Electrical Goods

Pak Elektron Limited	580,803	367,000	-	249,000	698,803	18,705	24,500	5,795	0.91	0.13	0.91
									0.91	0.13	0.91

Cement

D.G. Khan Cement Company Limited	518,500	297,715	-	200,104	616,111	57,532	72,652	15,120	2.69	0.14	2.69
Fauji Cement Company Limited	1,793,875	969,700	-	631,700	2,131,875	38,620	49,033	10,413	1.82	0.15	1.82
Kohat Cement Company Limited	-	204,500	-	204,500	-	-	-	-	-	-	-
Cherat Cement Company Limited	-	433,200	-	104,999	328,201	36,783	58,216	21,433	2.16	0.17	2.16
Lucky Cement Limited	322,180	146,495	-	150,182	318,493	165,564	275,000	109,436	10.20	0.10	10.19
Maple Leaf Cement Factory Limited	453,336	1,363,692	-	426,389	1,390,639	42,833	65,332	22,499	2.42	0.13	2.42
									19.29	0.69	19.28

Chemical

Engro Polymer & Chemicals Limited	806,271	394,500	-	306,500	894,271	27,084	42,245	15,161	1.57	0.10	1.57
ICI Pakistan Limited	-	50,800	-	50,800	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	933,000	336,500	-	1,269,500	-	-	-	-	-	-	-
									1.57	0.10	1.57

Engineering

International Industries Limited	-	225,900	-	22,100	203,800	34,265	43,006	8,741	1.59	0.15	1.59
International Steels Limited	366,901	218,407	-	155,595	429,713	27,226	40,139	12,913	1.49	0.10	1.49
									3.08	0.25	3.08

Fertilizer

Engro Corporation Limited	882,322	432,004	-	422,769	891,557	266,864	262,662	(4,202)	9.74	0.15	9.74
Engro Fertilizers Limited	1,773,818	446,751	-	529,962	1,690,607	103,549	118,799	15,250	4.41	0.13	4.40
									14.15	0.28	14.14

Food And Personal Care

Frieslandcampina Engro Pakistan Limited	219,500	-	-	219,500	-	-	-	-	-	-	-
Unity Foods Limited	384,000	1,944,358	-	792,822	1,535,536	32,856	68,362	35,506	2.54	0.15	2.53
									2.54	0.15	2.53

Investment Banks / Investment
Companies / Securities Companies

Dawood Hercules Corporation Limited	941,400	-	-	941,400	-	-	-	-	-	-	-
									-	-	-

Oil And Gas Exploration Companies

Mari Petroleum Company Limited	65,905	33,060	-	23,900	75,065	96,379	114,428	18,049	4.24	0.06	4.24
Oil & Gas Development Company Limited	1,671,781	684,805	-	543,351	1,813,235	196,792	172,312	(24,480)	6.39	0.04	6.39
Pakistan Oilfields Limited	337,086	142,251	-	113,878	365,459	131,979	143,940	11,961	5.34	0.13	5.34
Pakistan Petroleum Limited (note: 6.1.2)	1,633,791	796,962	-	556,175	1,874,578	166,559	162,770	(3,789)	6.04	0.07	6.03
									22.01	0.30	22.00

Oil And Gas Marketing Companies

Hascol Petroleum Limited	471	1,991,385	-	1,991,385	471	7	4	(3)	0.00	0.00	0.00
Pakistan State Oil Company Limited	542,757	232,831	-	181,799	593,789	101,816	133,157	31,341	4.94	0.13	4.94
Sui Northern Gas Pipelines Limited	704,333	359,159	-	260,985	802,507	43,383	38,986	(4,397)	1.45	0.13	1.45
Sui Southern Gas Company Limited	741,231	-	-	741,231	-	-	-	-	-	-	-
									6.38	0.25	6.38

Name of the investee company	As at July 1, 2020	Purchases during the year	Rights / Bonus issue	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation on / (diminution) as at June 30, 2021	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) -----		----- % -----			

Paper & Board

Packages Limited	-	77,550	-	77,550	-	-	-	-	-	-	-

Pharmaceuticals

Glaxosmithkline Pakistan Limited	-	182,600	-	182,600	-	-	-	-	-	-	-
Abbott Laboratories (Pakistan) Limited	-	72,650	-	72,650	-	-	-	-	-	-	-
The Searle Company Limited	249,959	142,064	-	88,699	303,324	63,420	73,592	10,172	2.73	0.14	2.73
									2.73	0.14	2.73

Power Generation & Distribution

K-Electric Limited (note 6.1.1)	6,085,040	3,666,000	-	9,751,040	-	-	-	-	-	-	-
The Hub Power Company Limited	2,421,050	2,736,859	-	2,421,050	2,736,859	222,900	218,046	(4,854)	8.09	0.21	8.08
									8.09	0.21	8.08

Refinery

Attock Refinery Limited	118,992	115,547	-	114,483	120,056	16,066	30,788	14,722	1.14	0.11	1.14
National Refinery Limited	-	170,200	-	96,800	73,400	39,296	38,402	(894)	1.42	0.09	1.42
									2.57	0.20	2.56

Technology & Communication

Systems Limited	-	474,500	-	245,500	229,000	125,532	128,290	2,758	4.76	0.18	4.76
Avanceon Limited	-	170,000	-	1,500	168,500	15,435	15,448	13	0.57	0.07	0.57
Netsol Technologies Limited	81,900	90,000	-	171,900	-	-	-	-	-	-	-
									5.33	0.25	5.33

Textile Composite

Nishat Mills Limited	393,900	247,250	-	196,600	444,550	38,272	41,477	3,205	1.54	0.13	1.54
									1.54	0.13	1.54

Transport

Pakistan International Bulk Terminal Limited	-	2,510,000	-	-	2,510,000	29,502	28,564	(938)	1.06	0.14	1.06
									1.06	0.14	1.06

Total as at June 30, 2021

2,293,843 2,697,866 404,023

Total as at June 30, 2020

1,955,789 1,857,289 (98,500)

- 6.1.1** All shares have a face value of Rs 10 each except for the shares of K-Electric Limited which have a face value of Rs 3.5.
- 6.1.2** Investments include 682,000 shares (2020: 682,000 shares) of Pakistan Petroleum Limited and 80,000 shares of Oil & Gas Development Company Limited having market value of Rs 59.218 million and Rs. 7.602 million as at June 30, 2021 (2020: Rs 59.184 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.

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, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.416 million (2020: Rs. 1.160 million).

	Note	2021 -----Rupees in '000'-----	2020
6.2 Net 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	2,697,866	1,857,289
Less: Carrying value of investments	6.1	2,293,843	1,955,789
		<u>404,023</u>	<u>(98,500)</u>
7 DEPOSITS AND OTHER RECEIVABLES			
Profit receivable on saving account		81	29
Security deposit with Central Depository Company of Pakistan Limited		103	103
Security deposit with the National Clearing Company of Pakistan Limited		<u>2,500</u>	<u>2,500</u>
		<u>2,684</u>	<u>2,632</u>
8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee payable	8.1	155	1,511
Sindh Sales Tax on management fee payable	8.2	20	196
Allocated expenses payable	8.3	251	151
Sales load payable		424	204
Sindh Sales Tax payable on sales load		<u>55</u>	<u>26</u>
		<u>905</u>	<u>2,088</u>

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2020: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs. 3.178 million (2020: Rs 2.224 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. 3.354 million (2020: Rs. 2.187 million) has been paid to the Management Company which acts as a collecting agent.

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

The management company based on its own discretion has charged allocated expenses at the rate of 0.1% from July 1, 2020 till March 9, 2021 and at 0.11% from March 10, 2021 till June 30, 2020 (2020: 0.1%) of average annual net assets during the year.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2021 -----Rupees in '000'-----	2020
	Trustee fee payable	9.1	289	210
	Sindh Sales Tax payable on trustee fee	9.2	60	49
			<u>349</u>	<u>259</u>

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

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 0.448 million (2020: Rs. 0.352 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. 0.437 million (2020: Rs. 0.320 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2021 -----Rupees in '000'-----	2020
	Auditors' remuneration payable		279	224
	Printing charges payable		124	124
	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	11.1	497	497
	Brokerage payable		3,193	1,437
	Shariah advisor fee payable		263	269
	Charity payable	11.2	4,942	3,115
	Withholding tax payable		932	266
	Provision for Sindh Workers' Welfare Fund	11.3	23,931	9,782
	Zakat payable		52	11
			<u>39,954</u>	<u>21,466</u>

- 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 0.17 (2020: Re 0.18) 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, 2021, non-shariah compliant income amounting to Rs 3.327 million (2020: Rs. 2.972 million) was charged as an expense in the books of the Fund, and Rs. 1.500 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Edhi Foundation	500
2	Chippa Welfare - Association	500
3	Darus Shifa - Foundation	500
	Total	1,500

- 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, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.65 per unit (2020: Re 0.28 per unit).

12 CONTINGENCIES AND COMMITMENTS

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

	2021 -----Rupees in '000'-----	2020
13 AUDITORS' REMUNERATION		
Annual audit fee	255	224
Half yearly review of condensed interim financial statements	106	100
Fee for other certifications	60	40
Out of pocket expenses	5	6
	426	370

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 2.45% (2020: 1.95%) which includes 0.78% (2020: 0.23%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 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. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unitholders 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.

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	2021	2020
	-----Rupees in '000'-----	
Al Meezan Investment Management Limited (Management Company)		
Management fee payable	155	1,511
Sindh Sales Tax on management fee payable	20	196
Allocated expenses payable	251	151
Sales load payable	424	204
Sindh Sales Tax payable on sales load	55	26
Outstanding 13,952,768 units (2020: 12,467,051 units)	1,016,754	665,901
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Trustee fee payable	289	210
Sindh Sales Tax payable on trustee fee	60	49
Security Deposit	103	103
Meezan Bank Limited		
Bank balance	16,436	8,068
Profit receivable on saving accounts	25	16
Sales load payable	224	82
Sindh Sales Tax on sales load payable	29	11
Shariah advisor fee payable	263	269
Outstanding 2,113,224 units (2020: 2,113,224 units)	153,993	112,873
Investment in 995,813 shares (2020: 739,301 shares)	114,927	50,928
Directors, their close family members and key management personnel of the management company		
Outstanding 1,136,665 units (2020: 626,396 units)	82,830	33,458
Unitholders holding 10% or more units of the Fund		
Investment as at June 30, 2021: 9,725,890 units (2020: 9,725,888 units)	708,736	519,488
Al Meezan Investment Management Limited - Gratuity Fund		
Investment as at June 30, 2021: 133,559 units (2020: 133,559 units)	9,733	7,134
Meezan Strategic Allocation Fund MSAP-I		
Investment as at June 30, 2021: 70,737 units (2020: 4,311 units)	5,155	230
Meezan Strategic Allocation Fund MSAP-II		
Investment as at June 30, 2021: 159,765 units (2020: 137,526 units)	11,642	7,346



	2021	2020
	-----Rupees in '000'-----	
Meezan Strategic Allocation Fund MSAP-III		
Investment as at June 30, 2021: 159,037 units (2020: 374,075 units)	11,589	19,980
Meezan Strategic Allocation Fund MSAP-IV		
Investment as at June 30, 2021: 13,634 units (2020: 396,682 units)	994	21,188
Meezan Strategic Allocation Fund MSAP-V		
Investment as at June 30, 2021: 28,295 units (2020: 56,518 units)	2,062	3,019
Transactions during the year		
	2021	2020
	-----Rupees in '000'-----	
AI Meezan Investment Management Limited (Management Company)		
Remuneration of AI Meezan Investment Management Limited - Management Company	24,442	17,105
Sindh Sales Tax on remuneration of the Management Company	3,178	2,224
Allocated expenses	2,526	1,711
Issue of 15,116,866 units (2020: 7,015,589 units)	1,077,794	360,600
Redemption of 13,631,149 units (2020: 2,200,507 units)	954,050	125,500
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	3,443	2,711
Sindh Sales Tax on remuneration of the Trustee	448	352
CDS charges	145	117
Meezan Bank Limited		
Profit on saving accounts with banks	196	489
Dividend income	8,174	2,776
Shariah advisor fee	534	544
Purchase of 458,578 shares (2020: 956,600 shares)	39,089	77,697
Bonus of 93,570 shares (2020: nil shares)	-	-
Sale of 296,036 shares (2020: 216,899 shares)	30,844	19,100
Directors, their close family members and key management personnel of the Management Company		
Issue of 527,477 units (2020: 608,497 units)	37,885	40,915
Redemption of 134,338 units (2020: 1,026 units)	9,448	55
Meezan Strategic Allocation Fund MSAP-I		
Issue of 70,737 units (2020: nil units)	5,000	-
Redemption of 4,311 units (2020: 197,269 units)	307	10,000
Meezan Strategic Allocation Fund MSAP-II		
Issue of 367,845 units (2020: nil units)	26,000	-
Redemption of 345,606 units (2020: nil units)	24,758	-
Meezan Strategic Allocation Fund MSAP-III		
Issue of 229,775 units (2020: 206,406 units)	17,000	10,000
Redemption of 444,813 units (2020: nil units)	31,440	-
Meezan Strategic Allocation Fund MSAP-IV		
Issue of 70,737 units (2020: 206,406 units)	5,000	10,000
Redemption of 453,785 units (2020: nil units)	31,762	-
Meezan Strategic Allocation Fund MSAP-V		
Issue of 28,295 units (2020: nil units)	2,000	-
Redemption of 56,518 units (2020: nil units)	4,029	-

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

Financial assets

Balances with banks	
Investments	
Receivable against sale of investments	
Receivable against conversion of units	
Dividend receivable	
Deposits and other receivables	

2021		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000'		
22,649	-	22,649
-	2,697,866	2,697,866
24,234	-	24,234
1,182	-	1,182
4,155	-	4,155
2,684	-	2,684
54,904	2,697,866	2,752,770

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	
Payable to Central Depository Company of Pakistan Limited - Trustee	
Payable to Meezan Bank Limited	
Payable against conversion and redemption of units	
Payable against purchase of investments	
Accrued expenses and other liabilities	

2021		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000'		
-	905	905
-	349	349
-	253	253
-	1,923	1,923
-	12,393	12,393
-	8,801	8,801
-	24,624	24,624

Financial assets

Balances with banks	
Investments	
Receivable against conversion of units	
Dividend receivable	
Deposits and other receivables	

2020		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000'		
46,350	-	46,350
-	1,857,289	1,857,289
1,130	-	1,130
8,277	-	8,277
2,632	-	2,632
58,389	1,857,289	1,915,678

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	
Payable to Central Depository Company of Pakistan Limited - Trustee	
Payable to Meezan Bank Limited	
Payable against conversion and redemption of units	
Payable against purchase of investments	
Accrued expenses and other liabilities	

2020		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000'		
-	2,088	2,088
-	259	259
-	93	93
-	497	497
-	33,760	33,760
-	5,169	5,169
-	41,866	41,866

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, 2021, 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.0.0150 million (2020: Rs. 0.0370 million).

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

2021						
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
Rupees in '000'						
Financial assets						
Balances w ith banks	1.50% - 2.50%	17,992	-	-	4,657	22,649
Investments		-	-	-	2,697,866	2,697,866
Receivable against sale of investments		-	-	-	24,234	24,234
Receivable against conversion of units		-	-	-	1,182	1,182
Dividend receivable		-	-	-	4,155	4,155
Deposits and other receivables		-	-	-	2,684	2,684
		17,992	-	-	2,734,778	2,752,770
Financial liabilities						
Payable to Al Meezan Investment Management Limited		-	-	-	905	905
- Management Company		-	-	-	349	349
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	253	253
Payable to Meezan Bank Limited		-	-	-	1,923	1,923
Payable against conversion and redemption of units		-	-	-	12,393	12,393
Payable against purchase of investments		-	-	-	8,801	8,801
Accrued expenses and other liabilities		-	-	-	24,624	24,624
		17,992	-	-	2,710,154	2,728,146
On-balance sheet gap (a)		-	-	-	-	-
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		17,992	-	-		
Cumulative profit rate sensitivity gap		17,992	17,992	17,992		

----- 2020 -----					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

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

Financial assets

Balances with banks	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 of Pakistan 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
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Off-balance sheet financial instruments

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

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

43,559	-	-		
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Cumulative profit rate sensitivity gap

43,559	43,559	43,559		
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(ii) Currency risk

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

(iii) Price risk

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

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

In case of 1% increase / decrease in KMI 30 index on June 30, 2021, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 26.979 million (2020: Rs. 18.573 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, 2021 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:

----- 2021 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000' -----						
Financial assets						
Balances w ith banks	22,649	-	-	-	-	22,649
Investments	-	-	-	-	2,697,866	2,697,866
Receivable against sale of investments	24,234	-	-	-	-	24,234
Receivable against conversion of units	1,182	-	-	-	-	1,182
Dividend receivable	4,155	-	-	-	-	4,155
Deposits and other receivables	81	-	-	-	2,603	2,684
	52,301	-	-	-	2,700,469	2,752,770
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	905	-	-	-	-	905
Payable to Central Depository Company of Pakistan Limited - Trustee	349	-	-	-	-	349
Payable to Meezan Bank Limited	253	-	-	-	-	253
Payable against conversion and redemption of units	1,923	-	-	-	-	1,923
Payable against purchase of investments	12,393	-	-	-	-	12,393
Accrued expenses and other liabilities	8,801	-	-	-	-	8,801
	24,624	-	-	-	-	24,624
Net assets / (liabilities)	27,677	-	-	-	2,700,469	2,728,146
----- 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 w ith 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 of Pakistan 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

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:

	2021		2020	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- Rupees in '000 -----				
Balances with banks	22,649	22,649	46,350	46,350
Investments	2,697,866	-	1,857,289	-
Receivable against sale of investments	24,234	24,234	-	-
Receivable against conversion of units	1,182	1,182	1,130	1,130
Dividend receivable	4,155	4,155	8,277	8,277
Deposits and other receivables	2,684	2,684	2,632	2,632
	<u>2,752,770</u>	<u>54,904</u>	<u>1,915,678</u>	<u>58,389</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 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	
	2021	2020
AAA	73.00	-
AA+	27.00	100.00
	<u>100.00</u>	<u>100.00</u>

19 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

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

----- 2021 -----		
Level 1	Level 2	Level 3
----- Rupees in '000 -----		
Financial assets		
At fair value through profit or loss		
2,697,866	-	-
<u>2,697,866</u>	<u>-</u>	<u>-</u>
----- 2020 -----		
Level 1	Level 2	Level 3
----- Rupees in '000 -----		
Financial assets		
At fair value through profit or loss		
1,857,289	-	-
<u>1,857,289</u>	<u>-</u>	<u>-</u>

20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

21 UNIT HOLDING PATTERN OF THE FUND

Category	----- 2021 -----			----- 2020 -----		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	1,630	422,656	15.67	1,077	304,803	16.41
Associated Companies /						
Directors	8	1,139,691	42.27	8	837,672	45.11
Retirement Funds	5	85,657	3.18	6	62,275	3.35
Others	7	1,048,500	38.88	6	652,423	35.13
	<u>1,650</u>	<u>2,696,504</u>	<u>100.00</u>	<u>1,097</u>	<u>1,857,173</u>	<u>100.00</u>

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2021 -----		----- 2020 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Alfalah Securities (Private) Limited	5.45	Shajar Capital Pakistan (Private) Limited	9.47
Vector Capital (Private) Limited	5.17	BMA Capital Management Limited	8.27
Intermarket Securities Limited	5.10	AKD Securities Limited	7.78
Arif Habib Limited	5.04	Vector Capital (Private) Limited	7.65
Taurus Securities Limited	4.84	Aba Ali Habib Securities (Private) Limited	6.82
Summit Capital Market	4.64	Optimus Capital Management (Private) Limited	6.66
Ismail Iqbal Securities (Private) Limited	4.64	Insight Securities (Private) Limited	5.80
Next Capital Limited	4.57	Topline Securities (Private) Limited	5.79
Spectrum Securities (Private) Limited	4.57	Standard Capital Securities (Private) Limited	5.07
Optimus Capital Management (Private) Limited	4.46	Fortune Securities (Private) Limited	5.04

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

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

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

25 CORRESPONDING FIGURES

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

26 DATE OF AUTHORISATION FOR ISSUE

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

27 GENERAL
27.1 Impact of COVID-19

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

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

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

27.3 Subsequent events

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP. All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been incorporated in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.65 per unit (2020: Re 0.28 per unit).

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

Chief Executive

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

MEEZAN ENERGY FUND (MEF)

Meezan Energy Fund is a Shariah Compliant Energy Sector (Equity) Scheme. It is an actively managed fund offering a simple way to take exposure to Shariah Compliant equity stocks, primarily from the energy sector/segment/industry available at Pakistan Stock Exchange (PSX).



CURRENT ACCOUNT DEFICIT LOWEST IN



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Allied Bank Limited
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: bawaney@cyber.net.pk

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER

Meezan Energy Fund (MEF)

Type of Fund

Sector specific open end equity fund. The fund was launched on November 29, 2016.

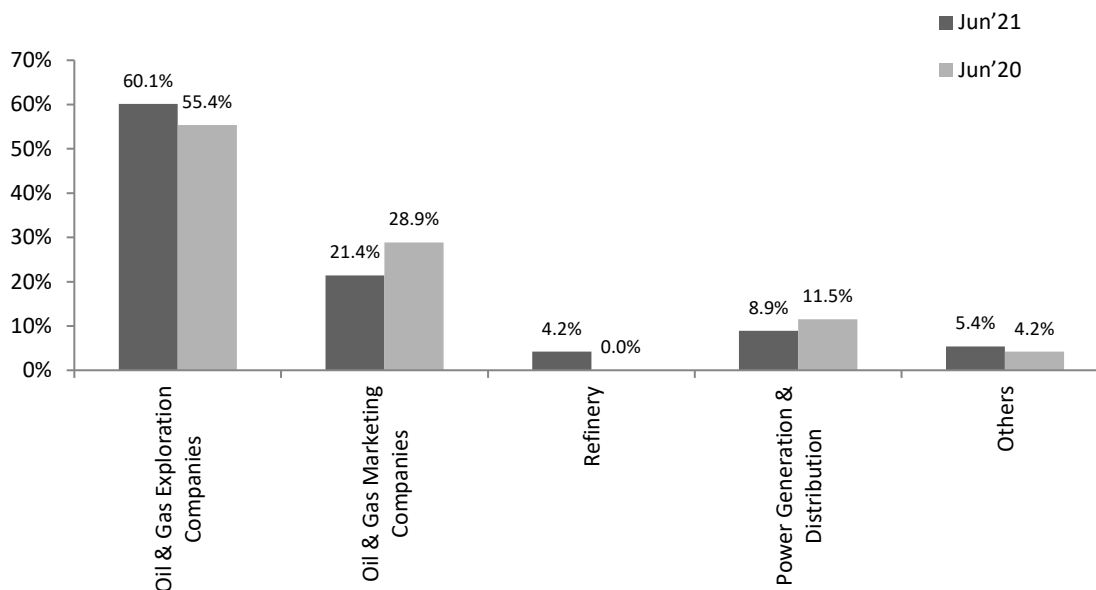
Objective

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.

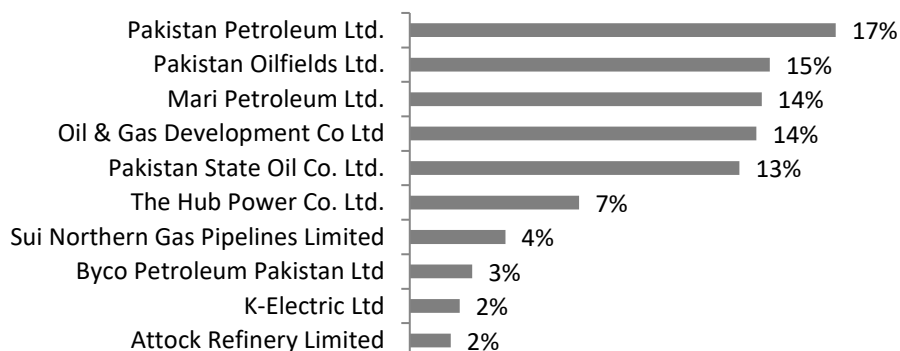
Strategy, Investment Policy and Asset Allocation

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 FY20 and FY21



Top Holdings



Performance Review

During FY21, Meezan Energy Fund (MEF) provided a positive return of 14.25% to its investors while the KSE Meezan Index (KMI 30) appreciated by 39.32% to close at 76,622 pts.

	MEF	KMI-30
Net Asset Value (NAV) as on June 30, 2020 –Rs.	30.02	54,995
Net Asset Value (NAV) as on June 30, 2021 –Rs.	34.30	76,622
Return During the Period	14.25%	39.32%

The Fund earned a gross income of Rs. 81 million in fiscal year 2021 as compared to total loss of Rs. 32 million last year. Total income comprised of realized and unrealized gains on investments of Rs. 52 million and Rs. 0.20 million respectively. Dividend income contributed Rs. 28 million to income, while profit on saving accounts with banks amounted to Rs. 1 million. After accounting for expenses of Rs. 23 million, the Fund posted a net income of Rs. 58 million. The net assets of the Fund as at June 30, 2021 were Rs. 584 million as compared to Rs. 542 million at the end of last year depicting an increase of 7.83%. The net asset value per unit as at June 30, 2021 was Rs. 34.2992 as compared to Rs. 30.0200 per unit as on June 30, 2020.

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, 2021 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, 2021.

Breakdown of unit holdings by size:

(As on June 30, 2021)

Range (Units)	No. of investors
1 - 9,999	1,210
10,000 - 49,999	178
50,000 - 99,999	22
100,000 - 499,999	9
500,000 and above	3
Total	1,422

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	1	1	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.



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

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

Alhamdulillah, the period from July 01, 2020 to June 30, 2021 was the Fifth 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, 2021 and their evaluation according to the screening criteria established by us. (December 31, 2020 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Pakistan Oilfields Ltd.	Oil & Gas Exploration Companies	0.00%	5.56%	2.34%	38.84%	13.65	395.41
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%	14.34%	2.01%	30.57%	76.47	90.33



Mari Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	26.87%	3.79%	42.91%	356.34	1339.82
The Hub Power Co. Ltd. ***	Power Generation & Distribution Company	23.52%	0.00%	4.66%	52.68%	(38.21)	
Pakistan State Oil Co. Ltd.	Oil and Gas Marketing Companies	19.79%	0.00%	0.46%	35.35	(33.23)	

* 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, 2021 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
Shari'ah Advisor

Head Office:

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Fax: (92-21) 34326021 - 23
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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, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 16, 2021

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan 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, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer 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, 2021 amounted to Rs 578,360 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - 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, 2021 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.



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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A.F. FERGUSON & Co.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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


Chartered Accountants
Karachi
Date: September 15, 2021

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



Meezan
Energy Fund

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
Assets			
Balances with banks	5	18,782	3,214
Investments	6	578,360	518,105
Receivable against conversion of units		8,251	8,224
Dividend receivable		1,764	109
Receivable against sale of investments		-	30,650
Advance, deposits and other receivable	7	4,094	4,127
Preliminary expenses and floatation costs	8	83	283
Total assets		611,334	564,712
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	9	761	1,687
Payable to Central Depository Company of Pakistan Limited - Trustee	10	113	104
Payable to Meezan Bank Limited		33	345
Payable to the Securities and Exchange Commission of Pakistan (SECP)	11	105	109
Payable against redemption and conversion of units		20,927	13,036
Payable against purchase of investments		-	2,776
Accrued expenses and other liabilities	12	5,085	4,789
Total liabilities		27,024	22,846
NET ASSETS		584,310	541,866
CONTINGENCIES AND COMMITMENTS	13		
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		584,310	541,866
		(Number of units)	
NUMBER OF UNITS IN ISSUE		17,035,689	18,050,159
		(Rupees)	
NET ASSET VALUE PER UNIT		34.2992	30.0200

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

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

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
Income			
Net realised gain / (loss) on sale of investments		51,874	(51,043)
Dividend income		27,923	16,092
Profit on balances with banks		753	2,527
		<u>80,550</u>	<u>(32,424)</u>
Net unrealised appreciation / (diminution) on re-measurement of investments - 'at fair value through profit or loss'	6.2	203	(29)
Total income / (loss)		<u>80,753</u>	<u>(32,453)</u>
Expenses			
Remuneration to AI Meezan Investment Management Limited - Management Company	9.1	10,523	10,860
Sindh Sales Tax on remuneration of the Management Company	9.2	1,368	1,412
Allocated expenses	9.3	545	543
Selling and marketing expenses	9.4	2,105	2,172
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1	1,052	1,089
Sindh Sales Tax on remuneration of the Trustee	10.2	137	142
Annual fee to the Securities and Exchange Commission of Pakistan (SECP)	11	105	109
Auditors' remuneration	14	284	281
Charity expense	12.1	1,086	631
Fees and subscription		565	565
Brokerage expense		3,134	2,501
Bank and settlement charges		532	373
Amortisation of preliminary expenses and floatation costs	8.1	200	200
Provision for Sindh Workers' Welfare Fund (SWWF)	12.2	1,182	-
Total expenses		<u>22,818</u>	<u>20,878</u>
Net income / (loss) for the year before taxation		<u>57,935</u>	<u>(53,331)</u>
Taxation	16	-	-
Net income / (loss) for the year after taxation		<u>57,935</u>	<u>(53,331)</u>
Allocation of net income for the year			
Net income for the year after taxation		57,935	-
Income already paid on units redeemed		(25,988)	-
		<u>31,947</u>	<u>-</u>
Accounting income available for distribution			
- Relating to capital gains		31,947	-
- Excluding capital gains		-	-
		<u>31,947</u>	<u>-</u>

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

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



Meezan
Energy Fund

	2021	2020
	(Rupees in '000)	
Net income / (loss) for the year after taxation	57,935	(53,331)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	<u>57,935</u>	<u>(53,331)</u>

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

	2021			2020		
	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	964,237	(422,371)	541,866	967,743	(369,040)	598,703
Issue of 71,397,288 units (June 30, 2020: 56,619,350 units)						
- Capital value (at net asset value per unit at the beginning of the year)	2,143,347	-	2,143,347	1,889,099	-	1,889,099
- Element of income / (loss)	286,483	-	286,483	(71,676)	-	(71,676)
Total proceeds on issuance of units	2,429,830	-	2,429,830	1,817,423	-	1,817,423
Redemption of 72,411,758 units (June 30, 2020: 56,513,293 units)						
- Capital value (at net asset value per unit at the beginning of the year)	2,173,801	-	2,173,801	1,885,560	-	1,885,560
- Element of loss / (income)	245,532	25,988	271,520	(64,631)	-	(64,631)
Total payments on redemption of units	2,419,333	25,988	2,445,321	1,820,929	-	1,820,929
Total comprehensive income / (loss) for the year	-	57,935	57,935	-	(53,331)	(53,331)
Distribution during the year	-	-	-	-	-	-
Net income / (loss) for the year less distribution	-	57,935	57,935	-	(53,331)	(53,331)
Net assets at the end of the year	974,734	(390,424)	584,310	964,237	(422,371)	541,866
Accumulated losses brought forward						
- Realised loss		(422,342)			(228,021)	
- Unrealised loss		(29)			(141,019)	
		<u>(422,371)</u>			<u>(369,040)</u>	
Accounting income available for distribution						
- Relating to capital gains	31,947			-		
- Excluding capital gains	-			-		
	<u>31,947</u>			<u>-</u>		
Net loss for the year after taxation	-			(53,331)		
Distribution during the year	-			-		
Accumulated losses carried forward		<u>(390,424)</u>			<u>(422,371)</u>	
Accumulated losses carried forward						
- Realised loss		(390,627)			(422,342)	
- Unrealised income / (loss)		203			(29)	
		<u>(390,424)</u>			<u>(422,371)</u>	
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the year	<u>30.0200</u>			<u>33.3649</u>		
Net assets value per unit at the end of the year	<u>34.2992</u>			<u>30.0200</u>		

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



Meezan
Energy Fund

	Note	2021 (Rupees in '000)	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before taxation		57,935	(53,331)
Adjustments for:			
Amortisation of preliminary expenses and floatation costs		200	200
Net unrealised (appreciation) / diminution on re-measurement of investments - 'at fair value through profit or loss'	6.2	(203)	29
		57,932	(53,102)
(Increase) / decrease in assets			
Investments - net		(60,052)	65,716
Receivable against sale of investments		30,650	(30,650)
Dividend receivable		(1,655)	2,018
Advance, deposits and other receivable		33	(2,237)
		(31,024)	34,847
Decrease / (increase) in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(926)	(352)
Payable to Central Depository Company of Pakistan Limited - Trustee		9	(25)
Payable to Meezan Bank Limited		(312)	344
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(4)	(824)
Payable against purchase of investments		(2,776)	(648)
Accrued expenses and other liabilities		296	1,393
		(3,713)	(112)
Net cash generated from / (used in) operating activities		23,195	(18,367)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		2,429,803	1,809,756
Payment against redemption and conversion of units		(2,437,430)	(1,808,617)
Net cash (used in) / generated from financing activities		(7,627)	1,139
Net increase / (decrease) in cash and cash equivalents during the year		15,568	(17,228)
Cash and cash equivalents at the beginning of the year		3,214	20,442
Cash and cash equivalents at the end of the year	5	18,782	3,214

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan 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 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 quality rating of AM1 by VIS dated December 31, 2020 (2020: AM1 dated December 31, 2019) and by PACRA dated June 23, 2021 (2020: AM1 dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.6** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company has submitted Collective Investment Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020) to fulfill the requirement for registration of Trust Deed under Sindh Trusts Act, 2020.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund 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, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

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

3.4 Critical accounting estimates and judgments

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6) and provision for taxation (notes 4.14 and 16).

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 Initial recognition and measurement

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

4.3.2 Classification and subsequent measurement

a) 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.

b) Impairment

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

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

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 Derecognition

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

4.3.5 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the 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.

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 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 utilised. Deferred tax is calculated at the rates that are expected to apply to the year 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 unit holders. 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).

4.15 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 (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	2021 (Rupees in '000)	2020
5 BALANCES WITH BANKS			
Balances with banks in:			
Savings accounts	5.1	17,738	2,545
Current accounts		1,044	669
		<u>18,782</u>	<u>3,214</u>
5.1	These includes a balance of Rs. 17.265 million (2020: Rs. 2.651 million) maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.5% (2020: 3%) per annum. Other profit and loss sharing accounts of the Fund have expected profit rates ranging from 2.24% to 7.20% per annum (2020: 2.31% to 7.40% per annum).		



Note 2021 2020
(Rupees in '000)

6 INVESTMENTS

Investment at 'fair value through profit or loss'

Listed equity securities

6.1 578,360 518,105

6.1 Investment at 'fair value through profit or loss'

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised gain / (loss) as at June 30, 2021	Percentage in relation to		
									Net Assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investment
	-----Number of shares-----					------(Rupees in '000)-----			---%---		
Sectors / companies											
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited (note 6.1.3)	64,244	95,762	-	102,863	57,143	77,066	87,108	10,042	14.91	0.04	15.06
Oil and Gas Development Company Limited	874,228	2,359,157	-	2,330,369	903,016	97,821	85,814	(12,007)	14.69	0.02	14.84
Pakistan Oilfields Limited (note 6.1.3)	280,680	452,080	-	506,480	226,280	86,598	89,123	2,525	15.25	0.08	15.41
Pakistan Petroleum Limited (note 6.1.3)	928,718	2,701,618	-	2,415,918	1,214,418	112,050	105,448	(6,602)	18.05	0.04	18.24
									62.90	0.18	63.55
Oil and Gas Marketing Companies											
Attock Petroleum Limited	51,200	76,900	-	96,600	31,500	10,072	10,112	40	1.73	0.03	1.75
Hascol Petroleum Limited	1,074,011	1,604,011	-	2,674,011	4,011	60	36	(24)	0.01	-	0.01
Hi-Tech Lubricants Limited	410,000	748,000	-	1,072,000	86,000	5,565	6,098	533	1.04	0.07	1.05
Pakistan State Oil Company Limited (note 6.1.2 & 6.1.3)	198,388	622,888	-	457,398	363,878	80,263	81,600	1,337	13.97	0.08	14.11
Shell Pakistan Limited	49,000	171,800	36,900	233,900	23,800	3,560	4,170	610	0.71	0.01	0.72
Sui Northern Gas Pipelines Limited	378,800	1,112,800	-	1,004,300	487,300	21,424	23,673	2,249	4.05	0.08	4.09
Sui Southern Gas Pipelines Limited	-	500,000	-	100,000	400,000	5,056	5,320	264	0.91	0.05	0.92
									22.42	0.32	22.65
Power Generation and Distribution											
The Hub Pow er Company Limited	748,444	1,812,444	-	2,034,444	526,444	43,939	41,942	(1,997)	7.18	0.04	7.25
K - Electric Limited (note 6.1.1)	2,141,000	6,441,000	-	5,628,500	2,953,500	12,078	12,346	268	2.11	0.01	2.13
									9.29	0.05	9.38
Refinery											
Attock Refinery Limited	-	327,500	-	288,000	39,500	10,024	10,130	106	1.73	0.01	1.75
Byco Petroleum Limited	-	1,400,000	-	70,000	1,330,000	12,581	15,440	2,859	2.64	0.01	2.67
National Refinery Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
									4.37	0.02	4.42
Total as at June 30, 2021						578,157	578,360	203	98.98		100.00
Total as at June 30, 2020						518,134	518,105	(29)			

6.1.1 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.

6.1.2 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 judgment 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 had filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh had issued notices to the relevant parties and had 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, 2021, the bonus shares of the Fund withheld by Pakistan State Oil Company Limited at the time of declaration of bonus shares amounted to Rs. 1.308 million (June 30, 2020: Rs. 0.922 million).

- 6.1.3** Investments include 65,000 shares of Pakistan Petroleum Limited, 26,500 shares of Pakistan Oilfields Limited, 4,000 shares of Mari Petroleum Limited and 5,000 shares of Pakistan State Oil Company Limited, having market value of Rs 5.644 million, Rs. 10.437 million, Rs. 6.098 million and Rs. 1.121 million respectively as at June 30, 2021 (June 30, 2020: 65,000 shares of Pakistan Petroleum Limited and 26,500 shares of Pakistan Oilfields Limited, having market value of Rs 5.641 million and 9.292 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.

	Note	2021 (Rupees in '000)	2020
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	578,360	518,105
Carrying value of investments	6.1	578,157	518,134
		<u>203</u>	<u>(29)</u>

7 ADVANCE, DEPOSITS AND OTHER RECEIVABLE

Profit accrued on balances with banks		63	96
Security deposit with Central Depository Company of Pakistan Limited		100	100
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Advance tax	7.1	<u>1,431</u>	<u>1,431</u>
		<u>4,094</u>	<u>4,127</u>

- 7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during 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 withholder. 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. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on dividends and profit on bank deposits has been shown as other receivables as at June 30, 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.



8	PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2021 (Rupees in '000)	2020
	At the beginning of the year		283	483
	Less: Amortisation during the year	8.1	<u>200</u>	<u>200</u>
	At the end of the year		<u>83</u>	<u>283</u>

- 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 Regulations, 2008.

9	PAYABLE TO AI MEEZAN MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2021 (Rupees in '000)	2020
	Remuneration payable	9.1	67	928
	Sindh Sales Tax payable on remuneration of the Management Company	9.2	9	121
	Sales load		26	66
	Sindh Sales Tax payable on sales load		3	9
	Allocated expense payable	9.3	55	46
	Selling and marketing expenses payable	9.4	<u>601</u>	<u>517</u>
			<u>761</u>	<u>1,687</u>

- 9.1** As the 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% (2020: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.

- 9.2** During the year, an amount of Rs. 1.368 million (2020: Rs. 1.412 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. 1.480 million (2020: Rs. 1.439 million) has been paid to the Management Company which acts as a collecting agent.

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

The Management Company based on its own discretion has charged 0.1% of the average annual net assets of the Fund for allocation of such expenses to the Fund from July 1, 2020 till March 9, 2021 and 0.11% with effect from March 10, 2021 subject to not being higher than the actual expense. These expenses have also been approved by the Board of Directors of the Management Company (2020: 0.1%).

- 9.4** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion has charged selling and marketing expenses at the rate of 0.4% (2020: 0.4%) of the average annual net assets of the Fund. These expenses have also been approved by the Board of Directors of the Management Company.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2021 (Rupees in '000)	2020
	Trustee fee payable	10.1	100	92
	Sindh Sales Tax payable on remuneration of the Trustee	10.2	<u>13</u>	<u>12</u>
			<u>113</u>	<u>104</u>

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

On net assets:

- Up to Rs 1,000 million 0.2% per annum of net assets
- Over Rs. 1,000 million Rs 2 million plus 0.1% per annum of net assets exceeding Rs 1,000 million.

- 10.2** During the year, an amount of Rs 0.137 million (2020: Rs. 0.142 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. 0.136 million (2020: Rs. 0.145 million) was paid to the Trustee which acts as a collecting agent.

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

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

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

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2021	2020
		(Rupees in '000)	
Auditors' remuneration payable		195	195
Printing charges payable		34	34
Shariah advisor fee payable		266	269
Charity payable	12.1	1,041	655
Capital gain tax payable		186	425
Provision for Sindh Workers' Welfare Fund	12.2	2,709	1,527
Brokerage payable		624	1,679
Zakat payable		30	5
		<u>5,085</u>	<u>4,789</u>

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

During the year ended June 30, 2021, non-Shariah compliant income amounting to Rs 1.086 million (2020: Rs 0.631 million) was charged as an expense in the books of the Fund and Rs. 0.7 million was disbursed to the following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Karsaz Trust	200
2	Pakistan Association of the Blind	500
	Total	<u>700</u>

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the year from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.16 per unit (2020: Re 0.08 per unit).

13 CONTINGENCIES AND COMMITMENTS

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



	2021	2020
	(Rupees in '000)	
14 AUDITORS' REMUNERATION		
Annual audit fee	212	212
Half yearly review fee	54	54
Out of pocket expenses	18	15
	<u>284</u>	<u>281</u>

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 4.34% (2020: 3.83%) which includes 0.60% 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 an Equity 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 unit holders. Since the Management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include AI 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, AI Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

Transactions with connected persons / related parties essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

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

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

	2021	2020
	(Rupees in '000)	
Balances		
AI Meezan Investment Management Limited - Management Company		
Remuneration payable to the Management Company	67	928
Sindh Sales Tax payable on remuneration of the Management Company	9	121
Sales load payable	26	66
Sindh Sales Tax on sales load payable	3	9
Allocated expenses	55	46
Selling and marketing expenses payable	601	517
Investment of 3,263,145 units (2020: 5,379,191 units)	<u>111,923</u>	<u>161,483</u>

	2021	2020
	(Rupees in '000)	
Meezan Bank Limited		
Bank balance	17,265	2,651
Profit receivable on saving accounts	72	72
Sales load payable	29	306
Sindh Sales Tax on sales load payable	4	40
Shariah advisor fee payable	266	269
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to the Trustee	100	92
Sindh Sales Tax on remuneration of the Trustee	13	12
Security deposit	100	100
Directors and executives of the Management Company		
Investment of 219,868 units (2020: 23,930 units)	7,541	718
Transactions during the year		
Al Meezan Investment Management Limited - Management Company		
Remuneration to the Management Company	10,523	10,860
Sindh Sales Tax on remuneration of the Management Company	1,368	1,412
Allocated expenses	545	543
Selling and marketing expenses	2,105	2,172
Units issued: 431,954 units (2020: 972,238 units)	15,000	30,179
Units redeemed: 2,548,000 units (2020: 1,743,506 units)	85,000	61,000
Meezan Bank Limited		
Profit on saving accounts	251	1,668
Shariah advisory fee expense	537	537
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,052	1,089
Sindh Sales Tax on remuneration of the Trustee	137	142
CDS charges	93	84
Directors and executives of the Management Company		
Units issued: 1,825,628 units (2020: 3,389,033 units)	60,375	104,901
Units redeemed: 1,629,690 units (2020: 3,528,353 units)	56,406	100,594

18 FINANCIAL INSTRUMENTS BY CATEGORY

	2021		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	18,782	-	18,782
Investments	-	578,360	578,360
Receivable against conversion of units	8,251	-	8,251
Dividend receivable	1,764	-	1,764
Receivable against sale of investments	-	-	-
Deposits and other receivable	2,663	-	2,663
	31,460	578,360	609,820

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	761	761
Payable to Central Depository Company of Pakistan Limited - Trustee	-	113	113
Payable against conversion and redemption of units	-	20,927	20,927
Payable to Meezan Bank Limited	-	33	33
Payable against purchase of investments	-	-	-
Accrued expenses and other liabilities	-	2,160	2,160
	-	23,994	23,994

2021		
At fair value through profit or loss	At amortised cost	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
Deposits and other receivable	2,696	-	2,696
	44,893	518,105	562,998

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	-	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

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

19 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 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 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.

19.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee 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, 2021, 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. 0.177 million (2020: Rs. 0.025 million).

b) Sensitivity analysis for fixed rate instruments

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

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

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

2021						
Effective 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	2.24% - 7.20%	17,738	-	-	1,044	18,782
Investments		-	-	-	578,360	578,360
Receivable against conversion of units		-	-	-	8,251	8,251
Dividend receivable		-	-	-	1,764	1,764
Receivable against sale of investments		-	-	-	-	-
Deposits and other receivable		-	-	-	2,663	2,663
		17,738	-	-	592,082	609,820
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	761	761
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	113	113
Payable against conversion and redemption of units		-	-	-	20,927	20,927
Payable to Meezan Bank Limited		-	-	-	33	33
Payable against purchase of investments		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	2,160	2,160
		-	-	-	23,994	23,994
On-balance sheet gap (a)		17,738	-	-	568,088	585,826
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		17,738	-	-		
Cumulative profit rate sensitivity gap		17,738	17,738	17,738		

2020					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in '000)

Financial assets

Balances with banks

2.31% - 7.40%

Investments

Receivable against conversion of units

Dividend receivable

Receivable against sale of investments

Deposits and other receivable

2,545	-	-	669	3,214
-	-	-	518,105	518,105
-	-	-	8,224	8,224
-	-	-	109	109
-	-	-	30,650	30,650
-	-	-	2,696	2,696
2,545	-	-	560,453	562,998

Financial liabilities

Payable to Al Meezan Investment Management

Limited - Management Company

Payable to Central Depository Company of

Pakistan Limited - Trustee

Payable against conversion and redemption of units

Payable to Meezan Bank Limited

Payable against purchase of investments

Accrued expenses and other liabilities

-	-	-	1,687	1,687
-	-	-	104	104
-	-	-	13,036	13,036
-	-	-	345	345
-	-	-	2,776	2,776
-	-	-	2,832	2,832
-	-	-	20,780	20,780

On-balance sheet gap (a)

2,545	-	-	539,673	542,218
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Off-balance sheet financial instruments

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

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

2,545	-	-		
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Cumulative profit rate sensitivity gap

2,545	2,545	2,545		
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(ii) Currency risk

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

(iii) Price risk

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

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

In case of 1% increase / decrease in KMI 30 index on June 30, 2021, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 5.784 million (2020: Rs.5.181 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, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 Index.

19.2 Liquidity risk

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

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

As per the NBFC Regulations, 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:

2021						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000)						
Financial assets						
Balances with banks	18,782	-	-	-	-	18,782
Investments	-	-	-	-	578,360	578,360
Receivable against conversion of units	8,251	-	-	-	-	8,251
Dividend receivable	1,764	-	-	-	-	1,764
Receivable against sale of investments	-	-	-	-	-	-
Deposits and other receivable	2,663	-	-	-	-	2,663
	31,460	-	-	-	578,360	609,820
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	761	-	-	-	-	761
Payable to Central Depository Company of Pakistan Limited - Trustee	113	-	-	-	-	113
Payable against conversion and redemption of units	20,927	-	-	-	-	20,927
Payable to Meezan Bank Limited	33	-	-	-	-	33
Payable against purchase of investments	-	-	-	-	-	-
Accrued expenses and other liabilities	-	2,160	-	-	-	2,160
	21,834	2,160	-	-	-	23,994
Net assets / (liabilities)	9,626	(2,160)	-	-	578,360	585,826

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
Investments
Receivable against conversion of units
Dividend receivable
Receivable against sale of investments
Deposits and other receivable

3,214	-	-	-	-	-	3,214
-	-	-	-	-	518,105	518,105
8,224	-	-	-	-	-	8,224
109	-	-	-	-	-	109
30,650	-	-	-	-	-	30,650
2,696	-	-	-	-	-	2,696
44,893	-	-	-	-	518,105	562,998

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against conversion and redemption of units
Payable to Meezan Bank Limited
Payable against purchase of investments
Accrued expenses and other liabilities

1,687	-	-	-	-	-	1,687
104	-	-	-	-	-	104
13,036	-	-	-	-	-	13,036
345	-	-	-	-	-	345
2,776	-	-	-	-	-	2,776
-	2,832	-	-	-	-	2,832
17,948	2,832	-	-	-	-	20,780

Net assets / (liabilities)

26,945	(2,832)	-	-	-	518,105	542,218
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19.3 Credit risk

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

2021		2020	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk

(Rupees in '000)

Balances with banks	18,782	18,782	3,214	3,214
Investments	578,360	-	518,105	-
Receivable against conversion of units	8,251	8,251	8,224	8,224
Dividend receivable	1,764	1,764	109	109
Receivable against sale of investments	-	-	30,650	30,650
Deposits and other receivable	2,663	2,663	2,696	2,696
609,820	31,460	562,998	44,893	

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 578.360 million (2020: Rs 518.105 million) is not exposed to credit risk.

19.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and 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	
	2021	2020
AAA	92.16	0.93
AA+	6.92	88.29
A+	0.92	10.78
	100.00	100.00

19.3.3 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.

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

	2021		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets			
At fair value through profit or loss	578,360	-	-
	2020		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets			
At fair value through profit or loss	518,105	-	-

21 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

22 UNIT HOLDING PATTERN OF THE FUND

Category	----- 2021 -----			----- 2020 -----		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	1,413	420,616	71.99	1,421	364,318	67.23
Associated Companies / Directors	2	117,719	20.15	1	161,484	29.80
Retirement Funds	-	-	-	1	162	0.03
Insurance Companies	-	-	-	-	-	-
Others	7	45,975	7.86	19	15,902	2.94
	1,422	584,310	100.00	1,442	541,866	100.00

23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2021 -----		----- 2020 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Taurus Securities Limited	11%	Spectrum Securities (Private) Limited	11%
AKD Securities Limited	9%	JS Global Capital Limited	10%
EFG Hermes Pakistan Limited	7%	Optimus Capital Management (Private) Limited	7%
Standard Capital Securities (Private) Limited	6%	Top Line Securities (Private) Limited	7%
Spectrum Securities (Private) Limited	5%	Taurus Securities Limited	6%
Intermarket Securities (Private) Limited	5%	Arif Habib Limited	6%
Optimus Capital Management (Private) Limited	5%	BMA Capital Management Limited	6%
Insight Securities (Private) Limited	4%	Standard Capital Securities (Private) Limited	5%
Foundation Securities (Private) Limited	4%	Invest & Finance Securities Limited	5%
Top Line Securities (Private) Limited	4%	AKD Securities Limited	5%

24 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

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

25 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

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

26 CORRESPONDING FIGURES

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

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on Aug 9, 2021 and further amended on Sep 14, 2021 to incorporate the subsequent event as disclosed in note 28.3 of the financial statements.

28 GENERAL

28.1 COVID-19

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

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

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

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

28.3 Subsequent events

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP. All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been incorporated in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.16 per unit (2020: Re 0.08 per unit).

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

Chief Executive

Chief Financial Officer

Director

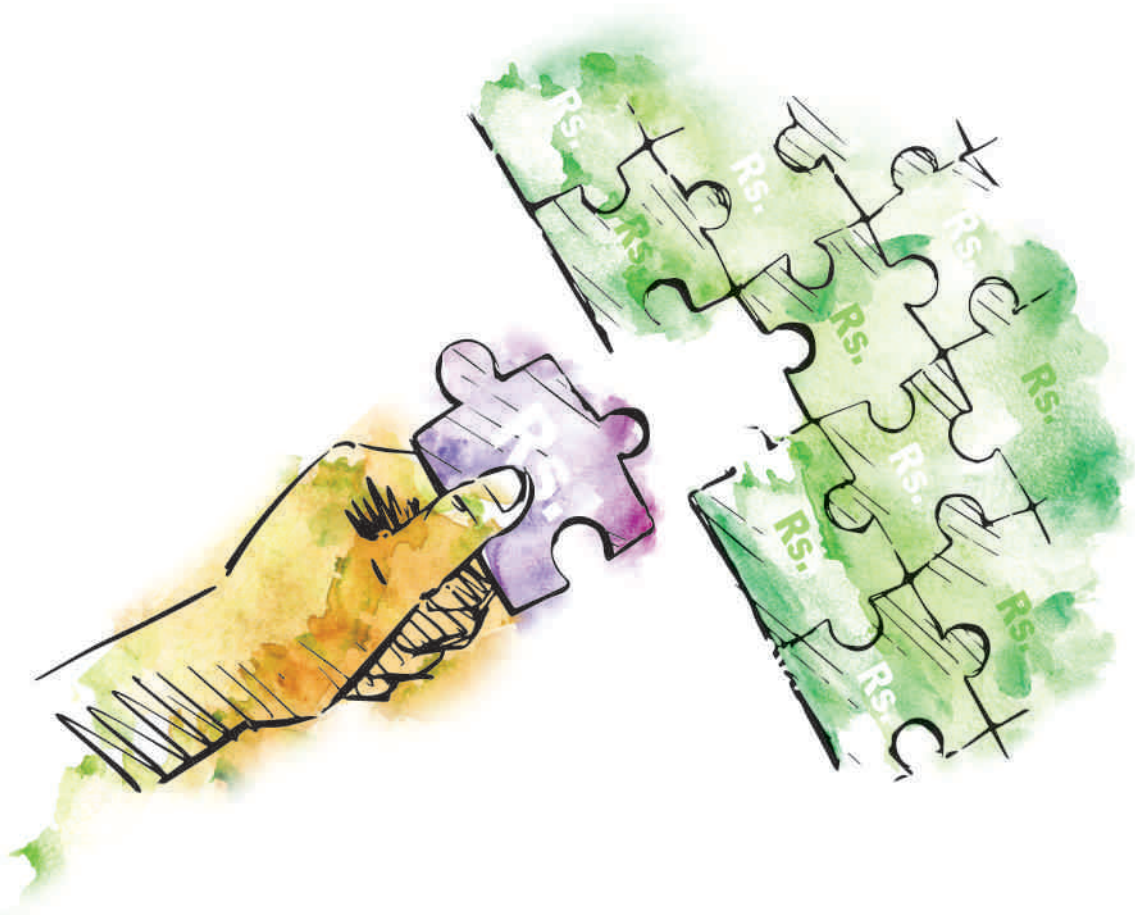


Al Meezan
Investment Management Ltd.

MEEZAN

PAKISTAN EXCHANGE TRADED FUND (MP-ETF)

Meezan Pakistan Exchange Traded Fund is a Shariah Compliant Exchange Traded Fund that aims to provide investors an opportunity to track the performance of Meezan Pakistan Index that has been constituted and is maintained by Al Meezan, and comprises Shariah Compliant equity securities selected with high consideration towards market capitalization and traded Value.



ONE OF **ASIA'S BEST PERFORMING STOCK MARKET**



Sep 2020
Source: Pakistan Stock
Exchange (PSX)

FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Meezan Bank Limited

LEGAL ADVISER

Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
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E-mail: bawaney@cyber.net.pk

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER

Meezan Pakistan Exchange Traded Fund

Type of Fund

Open end Shariah Compliant Exchange Traded Scheme

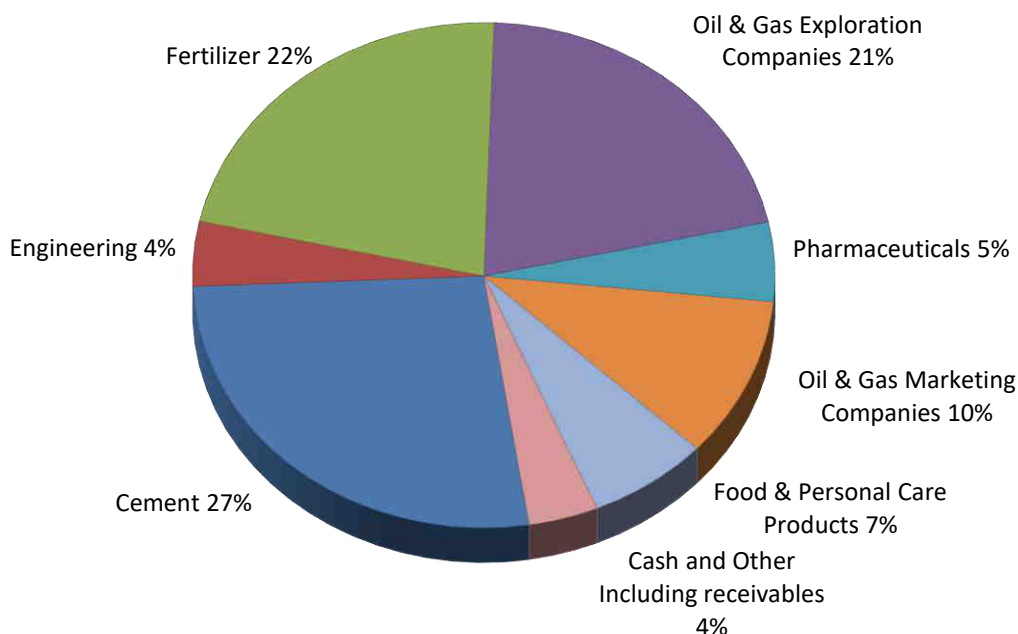
Objective

Meezan Pakistan Exchange Traded Fund is a Shariah Compliant Exchange Traded Fund that aims to provide investors an opportunity to track the performance of Meezan Pakistan Index that has been constituted and is maintained by the Management Company, and comprises of Shariah compliant equity securities selected with high consideration towards market capitalization and traded Value.

Strategy, Investment Policy and Asset Allocation

The Fund shall invest in a particular basket of shariah compliant securities with a view to track the performance of a representative shariah compliant securities index. The Benchmark Index is called "Meezan Pakistan Index" and shall be constituted and periodically maintained by the Management Company in close collaboration with the Shariah Advisor of the Fund.

Sector Allocation as on 30th June 2021



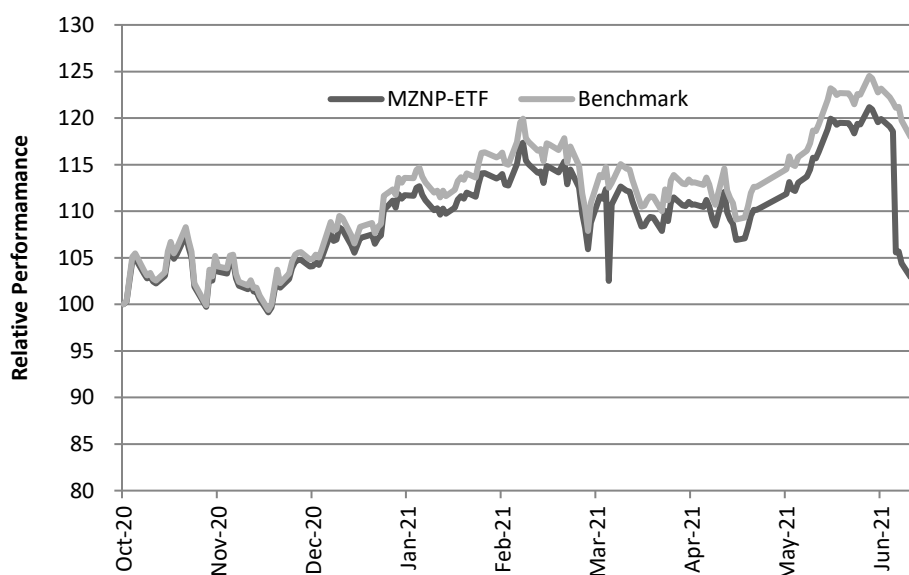
Performance Review

During FY21, Meezan Pakistan Exchange Traded Fund (MZNP-ETF) provided a positive return of 15.57% to its investors while Meezan Pakistan Index (MZNPI) appreciated 18.57% to close at 11,272 pts. On a gross basis, the fund's return was 2.83%.

	MZNP-ETF	MZNPI
Net Asset Value (NAV) as on October 06, 2020	10.00	9,507
Net Asset Value (NAV) as on June 30, 2021	10.34	11,272
Return During the Period	15.57%	18.57%

Launched date Oct 06, 2020

MP-ETF posted a total Income of Rs. 5 million in the fiscal year 2021. Total Income comprised of realized gain and unrealized capital gain on investments of Rs. 1.8 million and Rs. 1.2 million respectively. Dividend income contributed Rs. 1.7 million to income, while profit on saving accounts with banks amounted to Rs. 0.03 million. After accounting for expenses of Rs. 0.50 million, the Fund posted a net Income of Rs. 6million. The net assets of the Fund as at June 30, 2021 were Rs. 39 million. The net asset value per unit as at June 30, 2021 was Rs. 10.3387.



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, 2021 an amount of Rs. 0.04 million was accrued as charity payable.

Distributions

The Interim Pay out by the Fund during the fiscal year ended June 30, 2021 was Rs. 1.25 per unit (12.5%). Total distribution made by the fund was Rs. 4.75 million.

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.

For and on behalf of the Board
Date: August 9, 2021

Mohammad Shoaib, CFA
Chief Executive Officer



Report of the *Shari'ah* Advisor –Meezan Pakistan Exchange Traded Fund

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

Alhamdulillah, the period from October 06, 2020 to June 30, 2021 was the 1st year of operations of Meezan Pakistan Exchange Traded Fund (MPETF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 14.4 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity

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

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

- i. We have reviewed and approved the modes of investments of MPETF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MPETF as on June 30, 2021 and their evaluation according to the screening criteria established by us. (December 31, 2020 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Lucky Cement Ltd.	Cement	26.58%	1.36%	2.46%	83.54%	(401.95)	
Pakistan State Oil	Oil & Gas Marketing Companies	19.79%	0.00%	0.46%	35%	(33.23)	216
Engro Corporation Ltd.	Fertilizer	35.22%	25.23%	4.80%	57%	(189.71)	

Page 1 of 2



Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	18.90%	4.74%***	29.95%	100.42	103.77
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	14.34%	2.01%	31%	76.47	90.33

* 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.

*** 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 MPETF for the year ended June 30, 2021 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 MPETF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

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

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN PAKISTAN EXCHANGE TRADED 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 Pakistan Exchange Traded 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 period from October 06, 2020 to June 30, 2021 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 16, 2021

**INDEPENDENT AUDITOR'S REPORT****To the Unit holders of Meezan Pakistan Exchange Traded Fund****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Meezan Pakistan Exchange Traded Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the period from October 6, 2020 to June 30, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the period from October 6, 2020 to June 30, 2021 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 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2021 amounted to Rs. 38.827 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - 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, 2021 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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


Chartered Accountants

Karachi

Date: September 15, 2021



**MEEZAN PAKISTAN EXCHANGE TRADED FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021**

	Note	2021 (Rupees in '000)
Assets		
Balances with bank	5	1,208
Investments	6	38,827
Dividend receivable		295
Other receivables	7	57
Total assets		40,387
Liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	8	1
Payable to Central Depository Company of Pakistan Limited - Trustee	9	5
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	5
Accrued expenses and other liabilities	11	1,089
Total liabilities		1,100
NET ASSETS		39,287
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		39,287
CONTINGENCIES AND COMMITMENTS	12	
NUMBER OF UNITS IN ISSUE		3,800,000
NET ASSET VALUE PER UNIT		10.3387

The annexed notes from 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 PAKISTAN EXCHANGE TRADED FUND
INCOME STATEMENT
FOR THE PERIOD FROM OCTOBER 6, 2020 TO JUNE 30, 2021

		For the period from October 6, 2020 to June 30, 2021 (Rupees in '000)
Note		
Income		
Profit on balances with bank		27
Dividend income		1,708
Realised gain on sale of investments		1,787
		3,522
Net unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	6.2	1,186
Total income		4,708
Expenses		
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	133
Sindh Sales Tax on remuneration of the Management Company	8.2	17
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	28
Sindh Sales Tax on remuneration of the Trustee	9.2	4
Annual fees to the Securities and Exchange Commission of Pakistan (SECP)	10	5
Brokerage expense		14
Auditors' remuneration	13	100
Charity expense	11.1	40
Fee and subscription		12
Bank and settlement charges		23
Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	123
Total expenses		499
Net income from operating activities during the period		4,209
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		1,828
Net income for the period before taxation		6,037
Taxation	15	-
Net income for the period after taxation		6,037
Accounting income available for distribution		
- Relating to capital gains		2,973
- Excluding capital gains		3,064
		6,037

The annexed notes from 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 PAKISTAN EXCHANGE TRADED FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM OCTOBER 6, 2020 TO JUNE 30, 2021**

**For the period
from October
6, 2020 to
June 30, 2021
(Rupees in '000)**

Net income for the period before taxation	6,037
Other comprehensive income for the period	-
Total comprehensive income for the period	<u><u>6,037</u></u>

The annexed notes from 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 PAKISTAN EXCHANGE TRADED FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE PERIOD FROM OCTOBER 6, 2020 TO JUNE 30, 2021

For the period from October 6, 2020 to June 30, 2021		
Capital value	Undistributed income	Total
(Rupees in '000)		
Issuance of 7,390,000 units		
- Capital value (at par value)	73,900	73,900
- Element of income	6,185	6,185
Total proceeds on issuance of units	80,085	80,085
Redemption of 3,590,000 units		
- Capital value (at par value)	35,900	35,900
- Element of loss	4,357	4,357
Total payments on redemption of units	40,257	40,257
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	(1,828)	(1,828)
Total comprehensive income for the period	-	6,037
Interim distribution for the period ended June 30, 2021	-	(4,750)
Net assets at the end of the period	38,000	39,287
Accounting income available for distribution		
- Relating to capital gains	2,973	
- Excluding capital gains	3,064	
	6,037	
Interim distribution during the period at Rs. 1.25 per unit ended June 30, 2021 i.e. 12.5% of the par value of Rs.10/- each	(4,750)	
Undistributed income carried forward	1,287	
Undistributed income carried forward		
- Realised gain	101	
- Unrealised gain	1,186	
	1,287	
	(Rupees)	
Net assets value per unit at the end of the period	10.3387	

The annexed notes from 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 PAKISTAN EXCHANGE TRADED FUND
CASH FLOW STATEMENT
FOR THE PERIOD FROM OCTOBER 6, 2020 TO JUNE 30, 2021



Meezan
Pakistan Exchange Traded Fund

	Note	For the period from October 6, 2020 to June 30, 2021 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income from operating activities during the period		6,037
Adjustments for		
Net unrealised appreciation on re-measurement of investments classified assets at 'fair value through profit or loss'	6.2	(1,186)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(1,828)
		<u>3,023</u>
Increase in assets		
Investments - net		(37,641)
Dividend receivable		(295)
Other receivables		(57)
		<u>(37,993)</u>
Increase in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company		1
Payable to Central Depository Company of Pakistan Limited - Trustee		5
Payable to the Securities and Exchange Commission of Pakistan (SECP)		5
Accrued expenses and other liabilities		1,089
		<u>1,100</u>
Net cash used in operating activities		<u>(33,870)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units		80,085
Payment against redemption and conversion of units		(40,257)
Dividend Paid		(4,750)
Net cash generated from financing activities		<u>35,078</u>
Net increase in cash and cash equivalents during the period		<u>1,208</u>
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	5	<u><u>1,208</u></u>

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN PAKISTAN EXCHANGE TRADED FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM OCTOBER 6, 2020 TO JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Pakistan Exchange Traded 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 January 9, 2020 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 Fund is a Shariah Compliant Exchange Traded Fund that aims to provide investors an opportunity to track the performance of Meezan Pakistan Index (MZNPI) that has been constituted and is maintained by the Management Company, and comprises of shariah compliant equity securities selected with high consideration towards market capitalisation and traded value. 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 a hybrid type of Fund having features of both open and closed end funds. A new concept of "Authorised Participants "APs" has been introduced who will act as market makers. The Management Company will only have contact with the APs for issuance and redemption of units. The units of the Fund are tradeable in the Pakistan Stock Exchange Limited (PSX). The APs to whom the units are issued may either keep the units with themselves or trade in the PSX. Consequently, upon trading, the holder of the units keeps on changing. Moreover, on issuance and redemption of units, the basket of shares will be exchanged between AP and Management Company and cash will be paid / received if there is a difference in the applicable net asset value of a creation unit and the market value of the portfolio deposit.
- 1.4** The Fund is an Open Ended Exchange Traded Mutual Fund categorised as "Listed Index Tracking Fund" and is listed on Pakistan Stock Exchange (PSX) Limited.
- 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.
- 1.6** As per the Offering Document approved by the SECP, the accounting period, in case of the first such period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly, these financial statements have been prepared from October 6, 2020. Hence, there are no corresponding figures for the period.
- 1.7** The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 2020 (2020: AM1 dated December 31, 2019) and by PACRA dated June 23, 2021 (2020: AM1 dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.8** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" (the Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Act have been introduced. The Management Company after fulfilling the requirement for registration of Trust Deed under the Act, has submitted Collective Investment Scheme Trust Deed to Registrar acting under the Act for registration.

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 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 not yet effective

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2021. 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 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6) and provision for taxation (note 4.13 and 15).

3.4 Accounting convention

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

3.5 Functional and presentation currency

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Initial recognition and measurement

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

4.3.2 Classification and subsequent measurement

a) 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.

b) Impairment

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

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

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 Derecognition

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

4.3.5 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

Authorised Participant can purchase the units at the offer price and redeem at the redemption price at any of the authorised distribution offices during business hours.

The offer price shall be equal to the sum of:

- The Net Asset Value (NAV) as of the close of the previous business day (historical pricing);
- Such amount as the Management Company may consider an appropriate provision for duties and charges

Units of the Fund may be acquired or redeemed directly from the Fund only in Creation Units lot size or multiples thereof as mentioned in the Offering Document. Investors can sell the units at market prices on PSX which may be above or below actual NAV of the Fund.

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.

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.

As clarified by the SECP vide its letter no. SCD/AMCW/ETF/240/2020 dated March 2, 2020 that element of income in case of Exchange Traded Funds shall be taken to Income Statement both at the time of issuance and redemption of units to the extent it pertains to Income Statement.

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 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 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. 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 period after taxation of the Fund by the weighted average number of units outstanding during the period.

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 period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2021 (Rupees in '000)
5 BALANCES WITH BANK		
Balances with bank in:		
Savings accounts	5.1	1,186
Current account	5.1	22
		<u>1,208</u>
5.1	This balance is maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.5% per annum.	
6 INVESTMENTS		
Investment at 'fair value through profit or loss'		
Listed equity securities	6.1	<u>38,827</u>

6.1 Investment at fair value through profit or loss - Listed equity securities

Name of the investee company	Purchases during the period	Bonus / right shares	Sales during the period	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation/ (diminution) as at June 30, 2021	Percentage in relation to		
								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) -----			-----%		
Sectors / companies										
Cement										
D.G. Khan Cement Company Limited*	57,635	-	39,085	18,550	2,164	2,187	23	5.57	-	5.63
Lucky Cement Limited*	24,248	-	16,548	7,700	5,608	6,648	1,040	16.92	-	17.13
Maple Leaf Cement Limited*	132,858	-	90,158	42,700	1,847	2,006	159	5.11	-	5.17
								27.60	-	27.93
Engineering										
International Steels Limited*	51,357	-	33,507	17,850	1,655	1,667	12	4.24	-	4.29
								4.24	-	4.29
Fertilizer										
Engro Corporation Limited *	54,450	-	36,950	17,500	5,376	5,156	(220)	13.12	-	13.28
Engro Fertilizer Company Limited*	166,289	-	112,739	53,550	3,439	3,763	324	9.58	-	9.69
								22.70	-	22.97
Food and Personal Care Products										
Unity Foods Limited	175,218	-	114,318	60,900	2,020	2,711	691	6.90	0.01	6.98
								6.90	0.01	6.98
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited*	100,457	-	67,907	32,550	3,471	3,093	(378)	7.87	-	7.97
Pakistan Oilfields Limited *	19,438	-	13,138	6,300	2,559	2,481	(78)	6.32	-	6.39
Pakistan Petroleum Limited *	103,724	-	70,124	33,600	3,091	2,917	(174)	7.42	-	7.51
								21.61	-	21.87
Oil and Gas Marketing Companies										
Hascol Petroleum Limited *	78,300	-	78,300	-	-	-	-	-	-	-
Pakistan State Oil Company Limited*	57,635	-	39,085	18,550	4,250	4,160	(90)	10.59	-	10.71
Sui Northern Gas Company Limited*	21,170	-	21,170	-	-	-	-	-	-	-
								10.59	-	10.71
Pharmaceuticals										
The Searle Company Limited *	25,846	621	18,067	8,400	2,161	2,038	(123)	5.19	-	5.25
								5.19	-	5.25
Total as at June 30, 2021					37,641	38,827	1,186	98.83	100.00	

* Nil figures due to rounding off

6.1.1 All shares have a nominal value of Rs 10 each.

	Note	2021 (Rupees in '000)
6.2 Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		
Market value of investments	6.1	38,827
Carrying value of investments	6.1	37,641
		<u>1,186</u>
7 OTHER RECEIVABLES		
Profit receivable on saving accounts		24
Receivable from JS Global Capital Limited		33
		<u>57</u>
8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT - MANAGEMENT COMPANY		
Remuneration payable	8.1	1
Sindh Sales Tax on remuneration payable	8.2	-
		<u>1</u>

- 8.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.50% per annum of the average net assets of the Fund during the period from October 6, 2020 to June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.
- 8.2** During the period from October 6, 2020 to June 30, 2021, an amount of Rs. 0.017 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. 0.017 million has been paid to the Management Company which acts as a collecting agent.

**9 PAYABLE TO CENTRAL DEPOSITORY
COMPANY OF PAKISTAN LIMITED - TRUSTEE**

Note **2021**
(Rupees in '000)

Remuneration payable	9.1	4
Sindh Sales Tax on remuneration payable to the Trustee	9.2	1
		<u>5</u>

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

On net assets:	
- up to Rs. 1 billion	0.2% per annum of net assets
- over Rs. 1 billion	Rs 2 million plus 0.1% per annum of net assets exceeding Rs 1 billion

The above tariff has been revised from November 1, 2021 and the revised rate of tariff was reduced to 50% from November 1, 2021 to June 30, 2021 which has also been approved by the Board of Directors of the Management Company.

- 9.2** During the period from October 6, 2020 to June 30, 2021, an amount of Rs. 0.004 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. 0.03 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 is required to pay annual fee to the Securities and Exchange Commission of Pakistan.

Accordingly, the Fund has charged the SECP Fee at the rate of 0.02% of average annual net assets of the Fund during the period from October 6, 2020 to June 30, 2021.

11 ACCRUED EXPENSES AND OTHER LIABILITIES

Note **2021**
(Rupees in '000)

Auditors' remuneration payable		100
Charity payable	11.1	40
Brokerage payable		5
Withholding tax payable		737
Zakat payable		80
Other accrued expenses payable		4
Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	123
		<u>1,089</u>

- 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 period from October 6, 2020 to June 30, 2021, non-Shariah compliant income amounting to Rs 0.04 million was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of the Shariah Advisor.

- 11.2** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made 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 October 6, 2020 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.03 per unit.

12 CONTINGENCIES AND COMMITMENTS

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

**For the period
from October
6, 2020 to
June 30, 2021
(Rupees in '000)**

13 AUDITORS' REMUNERATION

Annual audit fee	100
	<u>100</u>

14 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund based on the current period results is 1.42% which includes 0.43% 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 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Index Tracking 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 unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the period ended June 30, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the period.

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

16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

Transactions with connected persons / related parties essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

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

The details of transactions carried out by the Fund with connected persons / related parties during the period from October 6, 2020 to June 30, 2021 and balances with them as at period end are as follows:

Balances	2021 (Rupees in '000)
AI Meezan Investment Management Company Limited - Management Company	
Remuneration payable to the Management Company	1
Sindh Sales Tax payable on remuneration of the Management Company	-
Investment of 1,000,000 units	10,741
Meezan Bank Limited	
Balances with bank	1,208
Profit receivable on saving accounts	24
Central Depository Company of Pakistan Limited - Trustee	
Remuneration payable to the Trustee	4
Sindh Sales Tax on remuneration of the Trustee	1
Transactions during the period	For the period from October 6, 2020 to June 30, 2021 (Rupees in '000)
AI Meezan Investment Management Limited - Management Company	
Remuneration to the Management Company	133
Sindh Sales Tax on remuneration of the Management Company	17
Units issued: 1,000,000 units	10,015
Meezan Bank Limited	
Profit on savings account	27
Central Depository Company of Pakistan Limited - Trustee	
Remuneration of the Trustee	28
Sindh Sales Tax on remuneration of the Trustee	4
CDS charges	5

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2021		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with bank	1,208	-	1,208
Investments	-	38,827	38,827
Dividend receivable	295	-	295
Other receivables	57	-	57
	<u>1,560</u>	<u>38,827</u>	<u>40,387</u>

June 30, 2021		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company

- 1 1

Payable to Central Depository Company of Pakistan Limited - Trustee

- 5 5

Accrued expenses and other liabilities

- 149 149

- 155 155

18 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 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.

18.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and 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, 2021, 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 period from October 6, 2020 to June 30, 2021 and net assets of the Fund would have been higher / lower by Rs. 0.012 million.

b) Sensitivity analysis for fixed rate instruments

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

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

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

2021					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
(Rupees in '000)					

Financial assets

Balances with bank	2.5%	1,186	-	-	-	1,186
Investments		-	-	-	38,827	38,827
Dividend receivable		-	-	-	295	295
Other receivables		-	-	-	57	57
		1,186	-	-	39,179	40,365

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	1	1
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	5	5
Accrued expenses and other liabilities		-	-	-	149	149
		-	-	-	155	155

On-balance sheet gap (a)		1,186	-	-	39,024	40,210
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Off-balance sheet financial instruments		-	-	-	-	-
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Off-balance sheet gap (b)		-	-	-	-	-
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Total profit rate sensitivity gap (a+b)		1,186	-	-		
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Cumulative profit rate sensitivity gap		1,186	1,186	1,186		
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(ii) Currency risk

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

(iii) Price risk

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

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by the SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the period end are concentrated in the sectors given in note 6.1.

In case of 1% increase / decrease in MZNPI on June 30, 2021, with all other variables held constant, the total comprehensive income of the Fund for the period from October 6, 2020 to June 30, 2021 would increase / decrease by Rs. 0.388 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 MZNPI, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the MZNPI, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the MZNPI.

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 period from October 6, 2020 to June 30, 2021.

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

2021						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000)						
Financial assets						
Balances with banks	1,208	-	-	-	-	1,208
Investments	-	-	-	-	38,827	38,827
Dividend receivable	295	-	-	-	-	295
Other receivables	57	-	-	-	-	57
	1,560	-	-	-	38,827	40,387
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	1	-	-	-	-	1
Payable to Central Depository Company of Pakistan Limited - Trustee	5	-	-	-	-	5
Accrued expenses and other liabilities	149	-	-	-	-	149
	155	-	-	-	-	155
Net assets / (liabilities)	1,405	-	-	-	38,827	40,232

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:

	2021	
	Balance as per statement of assets and	Maximum exposure to credit risk
	Rupees in '000	
Balances with bank	1,208	1,208
Investments	38,827	-
Dividend receivable	295	295
Other receivables	57	57
	<u>40,387</u>	<u>1,560</u>

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. 38.827 million is not exposed to credit risk.

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 with banks and profit accrued on bank balances and dividend receivable. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk 2021
AAA	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, 2021, the Fund held the following financial instruments measured at fair values:

	----- 2021 -----	
	Level 1	Level 2
	----- (Rupees in '000) -----	
Financial assets 'at fair value through profit or loss'		
Shares of listed companies - 'ordinary shares'	38,827	-

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	----- 2021 -----		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	268	14,169	36.07
Associated Companies / Directors	1	10,339	26.32
Others	3	14,779	37.62
Total	272	39,287	100%

22 The Fund has traded with only one broker during the period.

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

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

25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on Aug 9, 2021 and further amended on Sep 14, 2021 to incorporate the subsequent event as disclosed in note 26.3 of the financial statements.

26 GENERAL

26.1 COVID-19

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

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

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

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

26.3 Subsequent events

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP. All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been incorporated in the financial statements of the Fund for the period from October 6, 2020 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.03 per unit.

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

Chief Executive

Chief Financial Officer

Director

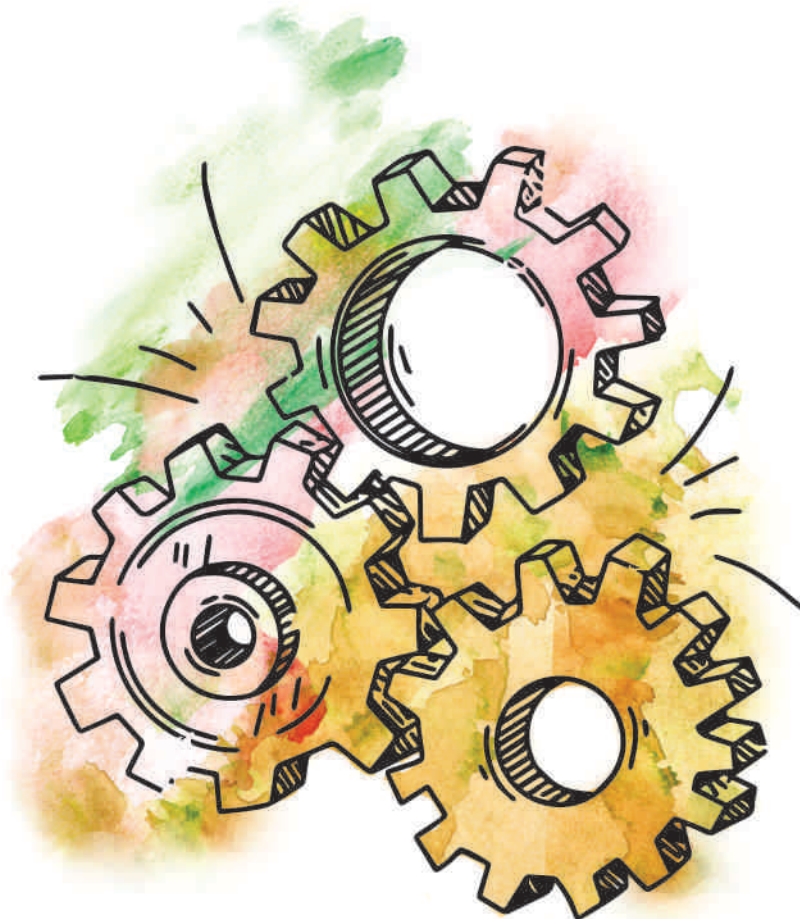


Al Meezan
Investment Management Ltd.

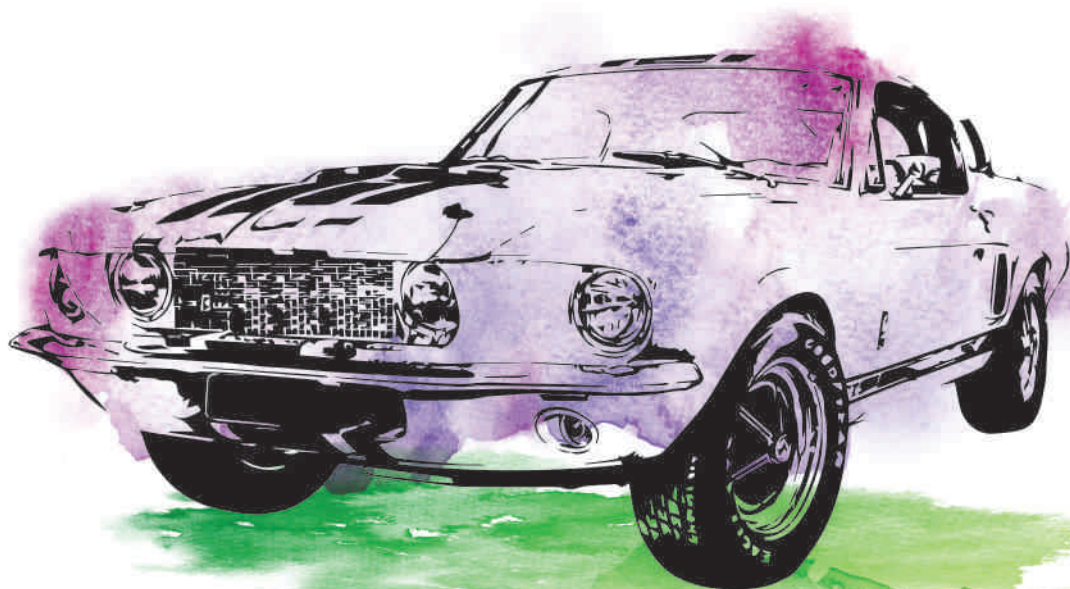
MEEZAN

DEDICATED EQUITY FUND (MDEF)

Meezan Dedicated Equity Fund aims to provide Fund of Funds scheme a dedicated equity platform to seek long term capital appreciation.



AUTOMOTIVE
INDUSTRY
HAS PUT PAKISTAN ON THE
FAST TRACK
AS GOVT POLICIES
PROMOTE COMPETITION



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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: bawaney@cyber.net.pk

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER

Meezan Dedicated Equity Fund

Type of Fund

Open end Shariah Compliant Equity Scheme

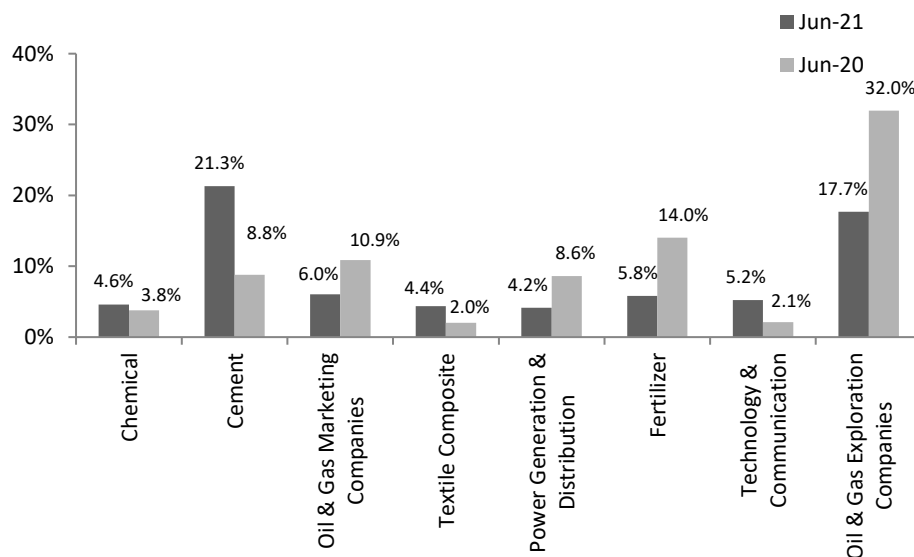
Objective

The investment objective of the fund is to provide Fund of Funds schemes a dedicated equity platform to seek long term capital appreciation.

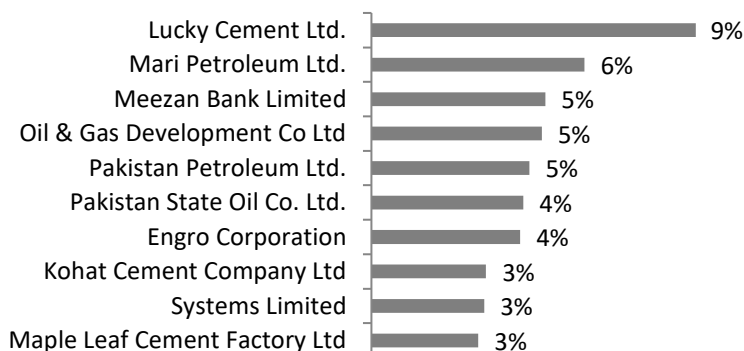
Investment Policy

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 FY20 and FY21



Top Holdings



Performance Review

During fiscal year 2021, Meezan Dedicated Fund (MDEF) provided a positive return of 35.55% to its investors while KSE Meezan Index (KMI 30) appreciated by 39.32% to close at 76,622 pts.

	MDEF	KMI-30
Net Asset Value (NAV) as on June 30, 2020 –Rs.	34.60	54,995
Net Asset Value (NAV) as on June 30, 2021 –Rs.	46.91	76,622
Return During the Period	35.55%	39.32%

MDEF posted a total income of Rs. 282 million in FY21. Total gain comprised of realised gain and unrealized gain on investments of Rs. 91 million and Rs. 151 million respectively. Dividend income contributed Rs. 39 million to income while profit on saving accounts with banks amounted to Rs. 1 million. After accounting for expenses of Rs. 37 million, the Fund posted a net income of Rs. 245 million. The net assets of the Fund as at June 30, 2021 were Rs. 1,015 million. The net asset value per unit as at June 30, 2021 was Rs. 46.9066.

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, 2021 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, 2021.

Breakdown of unit holdings by size
(As on June 30, 2020)



Pure. Profit.



Range (Units)	No. of Investors
1 - 9,999	0
10,000 - 49,999	0
50,000 - 99,999	0
100,000 - 499,999	3
500,000 and above	8
Total	11

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	1	1	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.



Report of the *Shari'ah* Advisor –Meezan Dedicated Equity Fund

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

Alhamdulillah, the period from July 01, 2020 to June 30, 2021 was the Fourth 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 *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity

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

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

- i. We have reviewed and approved the modes of investments of MDEF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MDEF as on June 30, 2021 and their evaluation according to the screening criteria established by us. (December 31, 2020 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Lucky Cement Ltd.	Cement	26.58%	1.36%	2.46%	83.54%	(401.10)	
Mari Petroleum	Oil & Gas Exploration Companies	0.00%	26.87%	3.79%	36%	4229.73	1339.82
Meezan Bank Ltd.	Commercial Banks	0.00%	0.00%	0.00%	67%	(675.3)	



Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	18.9%	4.74%***	29.95%	100.42	103.77
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	14.34%	2.01%	31%	76.47	90.33
Pakistan State Oil	Oil & Gas Marketing Companies	19.79%	0.00%	0.46%	31.12%	(33.23)	

* 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.

*** Total Assets of OGDC are adjusted with non-cash items arising due to the adoption of IFRS 16 'Leases' in respect of sale agreements with HUPL and UCH-II

- ii. On the basis of information provided by the management, all operations of MDEF for the year ended June 30, 2021 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
Shari'ah Advisor

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



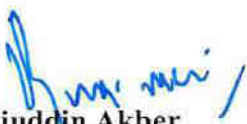
TRUSTEE REPORT TO THE UNIT HOLDERS

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, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 16, 2021

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan 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, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer 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, 2021 amounted to Rs 990.186 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - 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, 2021 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.





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.

AM/L



A.F. FERGUSON & Co.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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


Chartered Accountants

Karachi

Date: September 15, 2021



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

	Note	2021 -----Rupees in '000'-----	2020
Assets			
Balances with banks	5	10,265	22,127
Investments	6	990,186	595,501
Dividend receivable		3,639	178
Receivable against sale of investments		2,485	5,113
Advances, deposits and other receivable	7	17,859	3,929
Total assets		1,024,434	626,848
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	1,259	1,818
Payable to Central Depository Company of Pakistan Limited - Trustee	9	193	117
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	177	209
Payable against purchase of investments		8	2,616
Payable against redemption and conversion of units		-	36
Accrued expenses and other liabilities	11	7,453	3,037
Total liabilities		9,090	7,833
NET ASSETS		1,015,344	619,015
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,015,344	619,015
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		21,646,065	17,888,339
NET ASSET VALUE PER UNIT		46.9066	34.6044

The annexed notes from 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 DEDICATED EQUITY FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 -----Rupees in '000'-----	2020
Income			
Profit on balances with banks		794	7,587
Dividend income		39,460	47,750
Realised gain / (loss) on sale of investments - net		90,624	(164,323)
Other income		-	500
		130,878	(108,486)
Net unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	6.2	151,135	30,683
Total income / (loss)		282,013	(77,803)
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	17,712	20,568
Sindh Sales Tax on remuneration of the Management Company	8.2	2,303	2,674
Allocated expenses	8.3	916	1,028
Selling and marketing expenses	8.4	3,542	4,114
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,766	1,817
Sindh Sales Tax on remuneration of the Trustee	9.2	230	236
Annual fees to the Securities and Exchange Commission of Pakistan (SECP)	10	177	209
Brokerage expense		3,227	4,526
Auditors' remuneration	13	207	386
Charity expense	11.1	1,023	1,350
Printing expense		-	10
Fee and subscription		563	570
Bank and settlement charges		487	511
Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	4,997	-
Total expenses		37,150	37,999
Net income / (loss) for the year before taxation		244,863	(115,802)
Taxation	15	-	-
Net income / (loss) for the year after taxation		244,863	(115,802)
Allocation of net income for the year			
Net income for the year after taxation		244,863	-
Income already paid on units redeemed		(59,731)	-
		185,132	-
Accounting income available for distribution			
- Relating to capital gains		185,132	-
- Excluding capital gains		-	-
		185,132	-

The annexed notes from 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 DEDICATED EQUITY FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**



Meezan
Dedicated Equity Fund

Note	2021	2020
	-----Rupees in '000'-----	
Net income / (loss) for the year after taxation	244,863	(115,802)
Other comprehensive income / (loss) for the year	-	-
Total comprehensive income / (loss) for the year	<u>244,863</u>	<u>(115,802)</u>

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

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

Chief Executive

Chief Financial Officer

Director

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

	2021			2020		
	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	1,410,246	(791,231)	619,015	2,436,503	(675,429)	1,761,074
Issue of 15,202,495 units (2020: 51,715,292 units)						
- Capital value (at net asset value per unit at the beginning of the year)	526,073	-	526,073	1,836,312	-	1,836,312
- Element of income / (loss)	108,554	-	108,554	(2,447)	-	(2,447)
Total proceeds on issuance of units	634,627	-	634,627	1,833,865	-	1,833,865
Redemption of 11,444,769 units (2020: 83,423,374 units)						
- Capital value (at net asset value per unit at the beginning of the year)	396,039	-	396,039	2,962,206	-	2,962,206
- Element of loss / (income)	27,391	59,731	87,122	(102,084)	-	(102,084)
Total payments on redemption of units	423,430	59,731	483,161	2,860,122	-	2,860,122
Total comprehensive income / (loss) for the year	-	244,863	244,863	-	(115,802)	(115,802)
Net assets at the end of the year	<u>1,621,443</u>	<u>(606,099)</u>	<u>1,015,344</u>	<u>1,410,246</u>	<u>(791,231)</u>	<u>619,015</u>
Accumulated losses brought forward						
- Realised loss		(821,914)			(336,679)	
- Unrealised income / (loss)		30,683			(338,750)	
		<u>(791,231)</u>			<u>(675,429)</u>	
Accounting income available for distribution						
- Relating to capital gains	185,132			-		
- Excluding capital gains	-			-		
	185,132			-		
Net loss for the year after taxation		-			(115,802)	
Accumulated losses carried forward		<u>(606,099)</u>			<u>(791,231)</u>	
Accumulated losses carried forward						
- Realised loss		(757,234)			(821,914)	
- Unrealised gain		151,135			30,683	
		<u>(606,099)</u>			<u>(791,231)</u>	
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the year	<u>34.6044</u>			<u>35.5081</u>		
Net assets value per unit at the end of the year	<u>46.9066</u>			<u>34.6044</u>		

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

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



Meezan
Dedicated Equity Fund

	Note	2021 -----Rupees in '000'-----	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before taxation		244,863	(115,802)
Adjustments for			
Net unrealised appreciation on re-measurement of investments classified assets at 'fair value through profit or loss'	6.2	(151,135) 93,728	(30,683) (146,485)
(Increase) / decrease in assets			
Investments - net		(243,550)	1,094,109
Dividend receivable		(3,461)	942
Receivable against sale of investments		2,628	(5,113)
Advances, deposits and other receivable		(13,930)	(2,043)
		(258,313)	1,087,895
Increase / (decrease) in liabilities			
Payable to AI Meezan Investment Management Limited - Management Company		(559)	(3,468)
Payable to Central Depository Company of Pakistan Limited - Trustee		76	(146)
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(32)	(1,655)
Payable against purchase of investments		(2,608)	2,616
Accrued expenses and other liabilities		4,416	403
		1,293	(2,250)
Net cash (used in) / generated from operating activities		(163,292)	939,160
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		634,627	1,833,865
Payment against redemption and conversion of units		(483,197)	(2,861,586)
Net cash generated from / (used in) financing activities		151,430	(1,027,721)
Net decrease in cash and cash equivalents during the year		(11,862)	(88,561)
Cash and cash equivalents at the beginning of the year		22,127	110,688
Cash and cash equivalents at the end of the year	5	10,265	22,127

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

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

Chief Executive

Chief Financial Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan 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, 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 Fund has been formed to enable the unit holders 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, 2020 (2020: AM1 dated December 31, 2019) and by PACRA dated June 23, 2021 (2020: AM1 dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" (the Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Act have been introduced. The Management Company after fulfilling the requirement for registration of Trust Deed under the Act, has submitted Collective Investment Scheme Trust Deed to Registrar acting under the Act for registration.

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

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

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

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6) and provision for taxation (note 4.13 and 15).

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 Initial recognition and measurement

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

4.3.2 Classification and subsequent measurement

a) 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.

b) Impairment

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

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

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 Derecognition

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

4.3.5 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the 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 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 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. 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 Income Statement.

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
5 BALANCES WITH BANKS			
Balances with banks in:			
Savings accounts	5.1	9,104	18,385
Current accounts		1,161	3,742
		<u>10,265</u>	<u>22,127</u>
5.1	These includes a balance of Rs. 1.658 million (2020: Rs. 10.123 million) maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.5% (2020: 3.00%) per annum. Other profit and loss sharing accounts of the Fund have expected profit rates ranging from 2.24% to 7.20% per annum (2020: 1.50% to 7.50% per annum).		
6 INVESTMENTS			
Investment at 'fair value through profit or loss'			
Listed equity securities	6.1	<u>990,186</u>	<u>595,501</u>

6.1 Investment at fair value through profit or loss - Listed equity securities

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution) as at June 30, 2021	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
----- Number of shares -----						----- (Rupees in '000) -----			----- % -----		
Automobile Assembler											
Pak Suzuki Motor Company Limited	-	38,000	-	5,000	33,000	9,936	11,730	1,794	1.16	0.04	1.18
Honda Atlas Cars (Pakistan) Limited	10,100	-	-	10,100	-	-	-	-	-	-	-
Indus Motor Company Limited	4,740	-	-	4,740	-	-	-	-	-	-	-
Millat Tractors Limited	2,000	10,650	1,581	-	14,231	11,259	15,364	4,105	1.51	0.03	1.55
									2.67	0.07	2.73
Automobile Parts & Accessories											
Agriauto Industries Limited (Note 6.1.1)	20,000	-	-	20,000	-	-	-	-	-	-	-
Panther Tyres Limited	-	11,328	-	-	11,328	745	783	38	0.08	0.01	0.08
									0.08	0.01	0.08
Cable & Electrical Goods											
Pak Elektron Limited	-	345,000	-	345,000	-	-	-	-	-	-	-
									-	-	-
Commercial Bank											
BankIslami Pakistan Limited	79,990	525,000	-	298,000	306,990	3,209	3,451	242	0.34	0.03	0.35
Meezan Bank Limited (an associate)	261,005	205,900	33,600	60,000	440,505	32,694	50,839	18,145	5.01	0.03	5.13
									5.35	0.06	5.48
Cement											
Attock Cement Pakistan Limited	15,200	51,800	-	67,000	-	-	-	-	-	-	-
Cherat Cement Company Limited	45,000	141,100	-	45,000	141,100	22,813	25,028	2,215	2.46	0.07	2.53
D.G. Khan Cement Company Limited	81,000	372,000	-	208,748	244,252	28,029	28,802	773	2.84	0.06	2.91
Fauji Cement Company Limited	191,500	450,000	-	441,500	200,000	4,882	4,600	(282)	0.45	0.01	0.46
Kohat Cement Company Limited	132,370	63,800	-	33,900	162,270	25,876	33,507	7,631	3.30	0.08	3.38
Lucky Cement Limited	88,650	53,250	-	32,000	109,900	62,651	94,892	32,241	9.35	0.03	9.58
Maple Leaf Cement Factory Limited	130,000	988,000	-	453,000	665,000	26,252	31,242	4,990	3.08	0.06	3.16
Power Cement Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
									21.48	0.31	22.02
Chemical											
Dynea Pakistan Limited (note 6.1.1)	-	20,000	-	-	20,000	4,188	4,420	232	0.44	0.21	0.45
Engro Polymer & Chemicals Limited	262,644	699,500	-	616,000	346,144	14,194	16,352	2,158	1.61	0.04	1.65
Ghani Global Holdings Limited	-	1,780,000	97,000	1,877,000	-	-	-	-	-	-	-
ICI Pakistan Limited	25,300	5,000	-	5,950	24,350	17,099	21,155	4,056	2.08	0.03	2.14
Ittehad Chemical Limited	50,000	-	-	50,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	111,500	100,000	-	211,500	-	-	-	-	-	-	-
Nimir Resins Limited	-	600,000	-	592,500	7,500	96	151	55	0.01	0.01	0.02
Sitara Chemical Limited	-	14,500	-	-	14,500	5,446	5,104	(342)	0.50	0.07	0.52
Sitara Peroxide Limited	65,000	-	-	65,000	-	-	-	-	-	-	-
									4.64	0.36	4.78
Engineering											
Agha Steel Industries Limited	-	510,000	-	455,500	54,500	1,808	1,838	30	0.18	0.01	0.19
Amreli Steels Limited	-	110,000	-	-	110,000	3,026	2,740	(286)	0.27	0.04	0.28
International Industries Limited	50,700	112,000	-	86,000	76,700	14,155	16,185	2,030	1.59	0.06	1.63
International Steels Limited	120,000	125,000	-	133,000	112,000	8,585	10,462	1,877	1.03	0.03	1.06
Ittefaq Iron Industries Limited	-	575,000	-	200,000	375,000	7,385	7,106	(279)	0.70	0.26	0.72
Mughal Iron & Steel Industries Limited	29,500	345,800	-	258,000	117,300	9,498	12,246	2,748	1.21	0.04	1.24
									4.98	0.44	5.12
Fertilizer											
Engro Corporation Limited	199,326	96,668	-	148,450	147,544	43,965	43,465	(500)	4.28	0.03	4.39
Engro Fertilizers Limited	422,393	442,015	-	635,021	229,387	15,071	16,119	1,048	1.59	0.02	1.63
Fatima Fertilizer Limited	57,000	-	-	57,000	-	-	-	-	-	-	-
									5.87	0.05	6.02
Investment Banks / Investment Companies / Securities Companies											
Dawood Hercules Corporation Limited	8,500	-	-	8,500	-	-	-	-	-	-	-
									-	-	-

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution) as at June 30, 2021	Percentage in relation to		
									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) -----			----- % -----		

Food & Personal Care Product

At-Tahur Limited	91	-	9	100	-	-	-	-	-	-	-
									-	-	-

Glass & Ceramics

Ghani Glass Limited	100,000	34,650	-	37,000	97,650	2,939	4,707	1,768	0.46	0.02	0.48
Ghani Global Glass Limited	-	1,094,400	-	1,094,400	-	-	-	-	-	-	-
Shabbir Tiles And Ceramics Limited (Note 6.1.1)	-	552,000	-	14,500	537,500	12,032	17,926	5,894	1.77	0.33	1.81
Tariq Glass Industries Limited	-	-	-	-	-	-	-	-	-	-	-
									2.23	0.35	2.29

Leather & Tanneries

Service Global Footwear Limited	-	46,113	-	-	46,113	2,453	2,667	214	0.26	0.02	0.27
									0.26	0.02	0.27

Miscellaneous

Siddiqsons Tin Plate Limited	-	237,500	-	237,500	-	-	-	-	-	-	-
Shifa International Hospital Limited	-	7,000	-	7,000	-	-	-	-	-	-	-
Synthetic Products Enterprises Limited	-	52,250	-	52,250	-	-	-	-	-	-	-
The Organic Meat Company Limited	-	110,000	-	110,000	-	-	-	-	-	-	-
									-	-	-

Oil and Gas Exploration Companies

Mari Petroleum Company Limited	48,108	5,240	-	12,500	40,848	51,205	62,268	11,063	6.13	0.03	6.29
Oil & Gas Development Company Limited	483,200	334,535	-	293,440	524,295	55,483	49,824	(5,659)	4.91	0.01	5.03
Pakistan Oilfields Limited	81,060	22,700	-	46,000	57,760	20,397	22,749	2,352	2.24	0.02	2.30
Pakistan Petroleum Limited	420,404	424,330	-	312,282	532,452	48,322	46,233	(2,089)	4.55	0.02	4.67
									17.83	0.08	18.29

Oil and Gas Marketing Companies

Attock Petroleum Limited	21,200	-	-	21,200	-	-	-	-	-	-	-
Hascol Petroleum Limited	390,948	300,000	-	690,948	-	-	-	-	-	-	-
Hi-Tech Lubricants Limited	100,000	50,000	-	150,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited (Note 6.1.2)	101,772	161,199	-	65,000	197,971	39,349	44,395	5,046	4.37	0.04	4.48
Shell Pakistan Limited	-	25,500	-	25,500	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	213,600	543,000	-	394,865	361,735	16,538	17,573	1,035	1.73	0.06	1.77
Sui Southern Gas Company Limited	-	-	-	-	-	-	-	-	-	-	-
									6.10	0.10	6.25

Paper and Board

Century Paper Limited	45,000	100,000	19,000	54,000	110,000	8,793	13,428	4,635	1.32	0.06	1.36
Cherat Packaging Limited	-	10,000	-	-	10,000	2,200	1,446	(754)	0.14	0.02	0.15
Packages Limited	32,650	14,000	-	6,400	40,250	15,697	21,944	6,247	2.16	0.05	2.22
Roshan Packages Limited	50,500	75,000	-	19,000	106,500	3,384	3,508	124	0.35	0.08	0.35
									3.97	0.21	4.08

Pharmaceuticals

AGP Limited	147,000	3,000	-	55,000	95,000	10,398	11,146	748	1.10	0.03	1.13
Ferozsons Laboratories Limited*	-	100	20	-	120	38	42	4	-	-	-
GlaxosmithKline Consumer Healthcare Limited	12,900	-	-	3,700	9,200	2,499	2,301	(198)	0.23	0.01	0.23
Highnoon Laboratories Limited	5,400	-	-	5,400	-	-	-	-	-	-	-
IBL HealthCare Limited	-	103,000	-	-	103,000	11,761	11,446	(315)	1.13	0.19	1.16
The Searle Company Limited	55,055	88,677	-	55,000	88,732	20,161	21,528	1,367	2.12	0.04	2.17
									4.58	0.27	4.69

Power Generation and Distribution

The Hub Power Company Limited	587,754	511,000	-	722,099	376,655	31,786	30,008	(1,778)	2.96	0.01	3.03
K-Electric Limited (note 6.1.1)	2,054,500	3,444,000	-	2,500,000	2,998,500	11,435	12,534	1,099	1.23	0.03	1.27
									4.19	0.04	4.30

Refinery

Attock Refinery Limited	-	235,000	-	200,000	35,000	9,005	8,976	(29)	0.88	0.03	0.91
Byco Petroleum Pakistan Limited	-	1,110,000	-	50,000	1,060,000	11,462	12,307	845	1.21	0.02	1.24
National Refinery Limited	-	8,000	-	-	-	-	-	-	-	-	-
									2.09	0.05	2.15

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation on / (diminution) as at June 30, 2021	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
----- Number of shares -----						----- (Rupees in '000) -----			----- % -----		
Technology & Communication											
Avanceon Limited	147,400	326,500	32,680	310,500	196,080	13,843	17,977	4,134	1.77	0.08	1.82
Netsol Technologies Limited	-	115,000	-	115,000	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
Systems Limited	62,800	27,900	5,170	37,000	58,870	12,904	32,980	20,076	3.25	0.04	3.30
World Call Telecom Limited	-	650,000	-	-	650,000	2,421	2,574	153	0.25	0.04	0.26
									5.27	0.16	5.38
Textile Composite											
Feroze1888 Mills Limited	91,300	25,500	-	73,500	43,300	3,916	4,352	436	0.43	0.01	0.44
Kohinoor Textile Mills Limited	-	90,000	-	-	90,000	6,457	6,768	311	0.67	0.03	0.68
Interloop Limited	207,382	108,500	-	5,000	310,882	15,691	21,771	6,080	2.14	0.04	2.20
Nishat Mills Limited	56,200	177,000	-	106,000	127,200	12,495	11,868	(627)	1.17	0.04	1.20
									4.41	0.12	4.52
Vanaspati & Allied Industries											
Unity Foods limited	100,000	1,015,000	-	770,000	345,000	11,125	15,359	4,234	1.51	0.03	1.55
									1.51	0.03	1.55
Total as at June 30, 2021						839,051	990,186	151,135	97.51	100.00	
Total as at June 30, 2020						564,818	595,501	30,683	96.20		

* Nil figures due to rounding off difference

6.1.1 All shares have a nominal value of Rs 10 each except for the shares of Agriauto Industries Limited, Dynea Pakistan Limited and Shabbir Tiles and Ceramics 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 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 judgment 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 had filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh had issued notices to the relevant parties and had 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, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.365 million (2020: Rs. 0.257 million).

	Note	2021 (Rupees in '000)	2020
6.2 Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'			
Market value of investments	6.1	990,186	595,501
Carrying value of investments	6.1	839,051	564,818
		<u>151,135</u>	<u>30,683</u>

7 ADVANCES, DEPOSITS AND OTHER RECEIVABLE

Profit receivable on saving accounts		93	30
Advance tax	7.1	1,296	1,296
Advance against Initial Public Offer		13,867	-
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
		<u>17,859</u>	<u>3,929</u>

- 7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends as at June 30, 2021 amounts to Rs 1.296 million (June 30, 2020: 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 judgment 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, 2021 as, in the opinion of the Management, the amount of tax deducted at source will be refunded.

	Note	2021 (Rupees in '000)	2020
8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT - MANAGEMENT COMPANY			
Remuneration payable	8.1	121	1,024
Sindh Sales Tax on remuneration payable	8.2	16	133
Allocated expenses payable	8.3	148	58
Selling and marketing expenses payable	8.4	974	603
		<u>1,259</u>	<u>1,818</u>

- 8.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2020: 2%) per annum of the average net assets of the Fund during the year June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.

- 8.2** During the year, an amount of Rs. 2.303 million (2020: Rs 2.674 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. 2.420 million (2020: Rs. 2.933 million) has been paid to the Management Company which acts as a collecting agent.
- 8.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its own discretion has charged 0.1% of the average annual net assets of the Fund for allocation of such expenses to the Fund from July 1, 2020 till March 9, 2021 and 0.11% with effect from March 10, 2021 subject to not being higher than the actual expense. These expenses have also been approved by the Board of Directors of the Management Company. (2020: 0.1%).

- 8.4** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion has determined a capping of 0.4% (2020: 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 of Directors of the Management Company.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	(Rupees in '000)	
	Trustee fee payable	9.1	171	104
	Sindh Sales Tax payable on trustee fee	9.2	22	13
			<u>193</u>	<u>117</u>

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

On net assets:	
- up to Rs. 1 billion	Rs 0.7 million or 0.2% 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. 0.234 million (2020: Rs. 0.236 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. 0.225 million (2020: Rs. 0.253 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 is required to pay annual fee to the Securities and Exchange Commission of Pakistan.

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

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2021	2020
			(Rupees in '000)	
	Auditors' remuneration payable		170	250
	Printing charges payable		69	69
	Shariah advisor fee payable		264	269
	Charity payable	11.1	1,189	1,467
	Brokerage payable		683	982
	Withholding tax payable		81	-
	Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	4,997	-
			<u>7,453</u>	<u>3,037</u>

- 11.1** According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes. Accordingly, an amount of Rs. 1.189 million (June 30, 2020: Rs. 1.467 million) is outstanding in this regard.

- 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, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.23 per unit (2020: nil).

12 CONTINGENCIES AND COMMITMENTS

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

	2021	2020
	(Rupees in '000)	
13 AUDITORS' REMUNERATION		
Annual audit fee	150	329
Half yearly review fee	54	54
Out of pocket expense	3	3
	<u>207</u>	<u>386</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 2.45% (2020: 3.70%) which includes 0.78% 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 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 unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

Transactions with connected persons 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.

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

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

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

Balances	2021 (Rupees in '000)	2020
Al Meezan Investment Management Company Limited - Management Company		
Remuneration payable to the Management Company	121	1,024
Sindh Sales Tax payable on remuneration of the Management Company	16	133
Allocated expenses payable	148	58
Selling and marketing expenses payable	974	603
Meezan Bank Limited		
Balances with bank	1,658	10,123
Profit receivable on saving accounts	6	12
Investments of shares: 440,505 shares (2020: 261,005 shares)	50,839	17,970
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to the Trustee	171	104
Sindh Sales Tax on remuneration of the Trustee	22	13
Security deposit	103	103
Meezan Financial Planning Fund of Funds MAAP I		
Investment of 1,253,414 units (2020: 2,948,758)	58,793	102,040
Meezan Strategic Allocation Fund MSAP - I		
Investment of 3,396,951 units (2020: 6,022,570 units)	159,339	208,407
Meezan Strategic Allocation Fund MSAP - II		
Investment of 396,165 units (2020: 320,475 units)	18,583	11,090
Meezan Strategic Allocation Fund MSAP - III		
Investment of 3,295,552 units (2020: 2,872,358 units)	154,583	99,396
Meezan Strategic Allocation Fund MSAP - IV		
Investment of 2,371,642 units (2020: 2,690,115 units)	111,246	93,090
Meezan Strategic Allocation Fund MSAP - V		
Investment of 898,076 units (2020: 1,001,742 units)	42,126	34,665
Meezan Strategic Allocation Fund MCPP-III		
Investment of 1,066,314 units (2020: nil units)	50,017	-
Meezan Strategic Allocation Fund -II MCPP-IV		
Investment of 7,491,425 units (2020: 1,007,398 units)	351,397	34,860
Meezan Strategic Allocation Fund -II MCPP-V		
Investment of 329,431 units (2020: nil units)	15,452	-
Meezan Strategic Allocation Fund-II MCPP-VII		
Investment of 181,851 units (2020: nil units)	8,530	-
Meezan Strategic Allocation Fund-III MCPP - IX		
Investment of 965,243 units (2020: 1,024,923 units)	45,276	35,467

Transactions during the year

	2021	2020
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration to the Management Company	17,712	20,568
Sindh Sales Tax on remuneration of the Management Company	2,303	2,674
Allocated expenses	916	1,028
Selling and marketing expense	3,542	4,114
Meezan Bank Limited		
Profit on savings account	115	5,405
Shares purchased during the year: 205,900 shares (2020: 15,000 shares)	18,799	1,508
Shares sold during the year: 60,000 shares (2020: 329,500 shares)	6,465	24,874
Bonus shares : 33,600 shares (2020: nil)	-	-
Dividend income	3,256	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,766	1,817
Sindh Sales Tax on remuneration of the Trustee	230	236
CDS charges	92	135
Meezan Financial Planning Fund of Funds - MAAP - I		
Units issued: nil (2020: 2,108,051)	-	61,000
Units redeemed: 1,695,344 units (2020: 10,428,442)	73,560	353,940
Meezan Strategic Allocation Fund MSAP - I		
Units issued: nil (2020: 5,251,784)	-	152,000
Units redeemed: 2,625,619 units (2020: 7,953,695)	107,310	275,200
Meezan Strategic Allocation Fund MSAP - II		
Units issued: 96,045 units (2020: nil units)	4,000	-
Units redeemed: 20,355 units (2020: 918,352)	930	38,300
Meezan Strategic Allocation Fund MSAP - III		
Units issued: 423,194 units (2020:3,501,696)	19,000	113,000
Units redeemed: nil (2020: 2,609,468)	-	93,500
Meezan Strategic Allocation Fund MSAP - IV		
Units issued: nil (2020: 4,574,900)	-	150,716
Units redeemed: 318,473 units (2020: 3,625,362)	14,750	144,364
Meezan Strategic Allocation Fund MSAP - V		
Units issued: nil (2020: 792,958)	-	27,000
Units redeemed: 103,666 units (2020: 769,702)	4,830	29,650
Meezan Strategic Allocation Fund MCPP-III		
Units issued: 1,617,588 units (2020:12,671,266)	73,600	470,400
Units redeemed: 551,274 units (2020: 18,315,886)	25,090	614,406
Meezan Strategic Allocation Fund -II MCPP-IV		
Units issued: 10,955,635 units (2020: 11,288,176)	448,950	437,700
Units redeemed: 4,471,608 units (2020: 20,324,970 units)	186,846	686,456
Meezan Strategic Allocation Fund -II MCPP-V		
Units issued: 710,138 units (2020: 1,944,565 units)	30,750	75,300
Units redeemed: 380,707 units (2020: 5,025,826 units)	16,785	172,285
Meezan Strategic Allocation Fund-II MCPP-VI		
Units issued: nil (2020: 1,458,405 units)	-	58,200
Units redeemed: nil (2020: 4,203,715 units)	-	139,374

Transactions during the year
Meezan Strategic Allocation Fund-II MCPP-VII

Units issued: 197,472 units (2020: 1,197,147 units)

Units redeemed: 15,621 units (2020: 2,674,544 units)

2021
(Rupees in '000)

9,100	47,000
750	89,075

Meezan Strategic Allocation Fund-II MCPP-VIII

Units issued: nil (2020: 2,929,551 units)

Units redeemed: nil (2020: 3,448,117 units)

-	103,750
-	117,124

Meezan Strategic Allocation Fund-III MCPP - IX

Units issued: 1,184,730 units (2020: 3,983,797 units)

Units redeemed: 1,244,410 units (2020: 3,112,298 units)

48,400	137,300
51,497	105,950

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

2021		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

Financial assets

Balances with banks

10,265 - 10,265

Investments

- 990,186 990,186

Dividend receivable

3,639 - 3,639

Receivable against sale of investment

2,485 - 2,485

Advance, deposits and other receivable

16,563 - 16,563

32,952 990,186 1,023,138

2021		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company

- 1,259 1,259

Payable to Central Depository Company of Pakistan Limited - Trustee

- 193 193

Payable against redemption and conversion of units

- - -

Payable against purchase of investments

- 8 8

Accrued expenses and other liabilities

- 2,375 2,375

- 3,835 3,835

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 investments

5,113 - 5,113

Advance, deposits and other receivable

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 Central Depository Company of Pakistan Limited - Trustee	-	117	117
Payable against purchase of investments	-	36	36
Payable against purchase of investments	-	2,616	2,616
Accrued expenses and other liabilities	-	3,037	3,037
	-	7,624	7,624

18 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 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.

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, 2021, 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. 0.09 million (2020: Rs. 0.18 million)

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021 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, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

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

2021					
Effective 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	2.24% to 7.20%	9,104	-	-	1,161	10,265
Investments		-	-	-	990,186	990,186
Dividend receivable		-	-	-	3,639	3,639
Receivable against sale of investments		-	-	-	2,485	2,485
Advance, deposits and other receivable		-	-	-	16,563	16,563
		9,104	-	-	1,014,034	1,023,138

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	1,259	1,259
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	193	193
Payable against redemption and conversion of units		-	-	-	-	-
Payable against purchase of investments		-	-	-	8	8
Accrued expenses and other liabilities		-	-	-	2,375	2,375
		-	-	-	3,835	3,835

On-balance sheet gap (a)

9,104	-	-	1,010,199	1,019,303
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Off-balance sheet financial instruments

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

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

9,104	-	-	-	-
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Cumulative profit rate sensitivity gap

9,104	9,104	9,104	-	-
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2020					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in '000)

Financial assets

Balances with banks	1.50% to 7.50%	18,385	-	-	3,742	22,127
Investments		-	-	-	595,501	595,501
Dividend receivable		-	-	-	178	178
Receivable against sale of investments		-	-	-	5,113	5,113
Advance, deposits and other receivable		-	-	-	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 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
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Off-balance sheet financial instruments

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

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

18,385	-	-	-	-
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Cumulative profit rate sensitivity gap

18,385	18,385	18,385	-	-
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(ii) Currency risk

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

(iii) Price risk

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

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

In case of 1% increase / decrease in KMI 30 index on June 30, 2021, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 9.90 million (2020: Rs. 5.96 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, 2021 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:

----- 2021 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- (Rupees in '000) -----						
Financial assets						
Balances with banks	10,265	-	-	-	-	10,265
Investments	-	-	-	-	990,186	990,186
Dividend receivable	3,639	-	-	-	-	3,639
Receivable against sale of investments	2,485	-	-	-	-	2,485
Advance, deposits and other receivable	16,563	-	-	-	-	16,563
	32,952	-	-	-	990,186	1,023,138
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	1,259	-	-	-	-	1,259
Payable to Central Depository Company of Pakistan Limited - Trustee	193	-	-	-	-	193
Payable against redemption and conversion of units	-	-	-	-	-	-
Payable against purchase of investments	8	-	-	-	-	8
Accrued expenses and other liabilities	2,375	-	-	-	-	2,375
	3,835	-	-	-	-	3,835
Net assets / (liabilities)	29,117	-	-	-	990,186	1,019,303



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
Investments
Dividend receivable
Receivable against sale of investment
Advance, deposits and other receivable

22,127	-	-	-	-	-	22,127
-	-	-	-	-	595,501	595,501
178	-	-	-	-	-	178
5,113	-	-	-	-	-	5,113
2,633	-	-	-	-	-	2,633
30,051	-	-	-	-	595,501	625,552

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against redemption and conversion of units
Payable against purchase of investments
Accrued expenses and other liabilities

1,818	-	-	-	-	-	1,818
117	-	-	-	-	-	117
36	-	-	-	-	-	36
2,616	-	-	-	-	-	2,616
3,037	-	-	-	-	-	3,037
7,624	-	-	-	-	-	7,624

Net assets / (liabilities)

22,427	-	-	-	-	595,501	617,928
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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:

2021		2020	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk

Rupees in '000

Rupees in '000

Balances with banks	10,265	10,265	22,127	22,127
Investments	990,186	-	595,501	-
Dividend receivable	3,639	3,639	178	178
Receivable against sale of investments	2,485	2,485	5,113	5,113
Advances, deposits and other receivable	16,563	16,563	2,633	2,633
	<u>1,023,138</u>	<u>32,952</u>	<u>625,552</u>	<u>30,051</u>

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. 990.186 million (2020: Rs. 595.501 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.

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	
	2021	2020
AAA	16.15%	-
AA+	57.67%	98.80%
A+	24.48%	0.46%
AA	1.70%	0.74%
	<u>100.00%</u>	<u>100.00%</u>

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.

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.

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

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

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

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

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

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	2021		
	Number of unit holders	Investment amount Rupees in '000	Percentage of total %
Associated undertakings	11	1,015,344	100.00

Category	2020		
	Number of unit holders	Investment amount Rupees in '000	Percentage of total %
Associated undertakings	8	619,015	100.00

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2021		2020	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Spectrum Securities (Private) Limited	8%	JS Global Capital Limited	14%
Taurus Securities Limited	7%	Ismail Iqbal Securities (Private) Limited	11%
Next Capital Limited	7%	Aba Ali Habib Securities (Private) Limited	8%
Top Line Securities (Private) Limited	6%	Taurus Securities Limited	8%
Aba Ali Habib Securities (Private) Limited	6%	Insight Securities (Private) Limited	7%
Alfalah Securities (Private) Limited	6%	Vector Capital Management Limited	6%
AKD Securities Limited	6%	Intermarket Securities Limited	5%
Ismail Iqbal Securities (Private) Limited	5%	Topline Securities (Private) Limited	5%
Vector Capital Management Limited	5%	AKD Securities Limited	5%
Insight Securities (Private) Limited	5%	Optimus Capital Management 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 One years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Five years
Mr. Taha Javed	Head of Equity	CFA / MBA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fourteen years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Eleven years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fourteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Twelve years
Mr. Ali Asghar	Head of Research	CFA / MBA (in progress)	Ten years

The Fund manager of the Fund is Mr. 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

24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

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

25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on Aug 9, 2021 and further amended on Sep 14, 2021 to incorporate the subsequent event as disclosed in note 26.3 of the financial statements.

26 GENERAL

26.1 COVID-19

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

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

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

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

26.3 Subsequent events

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP. All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been incorporated in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.23 per unit (2020: nil).

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

Chief Executive

Chief Financial Officer

Director