



**Al Meezan**  
Investment Management Ltd.

# MEEZAN

## BALANCED FUND (MBF)

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



# PAKISTAN COLLECTS

**RS. 4.7**

**TRILLION  
IN  
TAXES,  
SURPASSING  
THE TARGET**

# 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](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto:info@almeezangroup.com)

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

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

## RISK MANAGEMENT COMMITTEE

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

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## TRUSTEE

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

## AUDITORS

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

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

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

## LEGAL ADVISER

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

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited

## REPORT OF THE FUND MANAGER

### Meezan Balanced Fund

#### Type of Fund

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

#### Objective

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

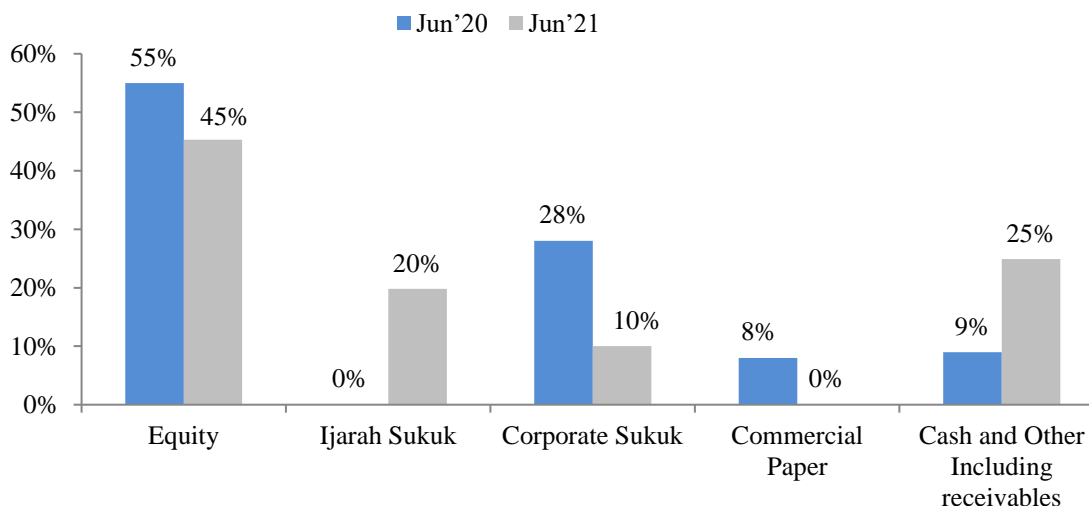
The fund invests only in Shariah Compliant instruments with the objective of maximizing total return to its unit holders and maintaining risks within acceptable levels. The fund also has a focus of long term preservation of capital and aims to maximize total returns by varying fund's allocations to fixed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

#### Strategy and Investment Policy

Being a balanced fund, performance of MBF is linked proportionately to the performance of stock market and Islamic fixed income instruments. The fund manager, Al Meezan Investments, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. The fund primarily aims at controlling risk by balancing growth and income earning objectives of certificate holders. To achieve this purpose, the fund manager strives to reduce equity exposure in times when the market is trading above valuations and increase exposure to high quality liquid Islamic fixed income instruments. As per revised policy, the fund can invest up to 50% in listed equities.

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

#### Sector Allocation as on June 30<sup>th</sup> 2020 and 2021



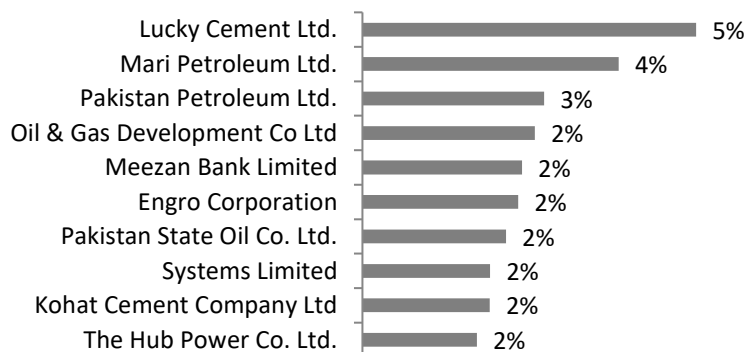


Pure. Profit.



The fund maintained significant exposure to the Oil and Gas Exploration sector which was gradually reduced in 2<sup>nd</sup> half of FY20 due to negative outlook on oil prices. Exposure to cement sector was gradually increased due to government's support on construction sector. The average equity exposure in the fund during the year was 53.39% while the remaining was deployed in quality fixed income instruments.

## Top Holdings



## Performance Review

During FY21, Meezan Balanced Fund (MBF) provided a positive return of 18.13% to its investors compared to benchmark return of 19.45%.

	30-Jun-21	30-Jun-20	Change
<b>NAV</b>			
Meezan Balanced Fund	16.20	13.71	18.13%
<b>Benchmark Returns (Inputs)</b>			
KMI 30	76,622	54,995	19.45%
Average Yield on Islamic Bank Deposits (annualised)			3.56%
KMI 30 Return	19.45%	50.00%	9.72%
Islamic Bank Deposit Return	3.56%	50.00%	1.78%
<b>Benchmark Return</b>			19.45%
<b>Underperformance</b>			-1.32%

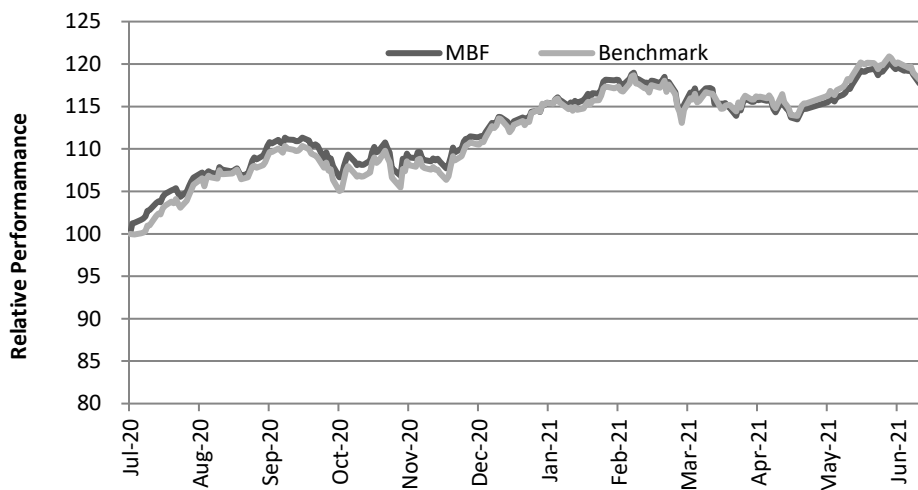




#### Pure. Profit.



MBF posted a total income of Rs. 860 million in the fiscal year 2021 as compared to a total income of Rs. 519 million last year. Total income comprised of realized and unrealized gain on investments of Rs. 185 million and Rs. 425 million respectively. Dividend income contributed Rs. 103 million to income, while profit on saving accounts with banks amounted to Rs. 52 million. Profit on Sukuk certificates was Rs. 120 million. After accounting for expenses of Rs. 160 million, the Fund posted a net income of Rs. 700 million. The net assets of the Fund as at June 30, 2021 were Rs. 4,713 million as compared to Rs. 3,916 million at the end of last year depicting an increase of 20%. The net asset value per unit as at June 30, 2021 was Rs. 16.2002 as compared to Rs. 13.7136 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. 2.712 million was accrued as charity payable.

#### Distributions

The final distribution in the form of cash dividend by the Fund during the fiscal year ended June 30, 2021 was nil. Total distribution made by the fund was nil.

#### Breakdown of unit holdings by size

(As on June 30, 2021)

Range (Units)	No. of investors
1-9,999	3494
10,000-49,999	763
50,000-99,999	276
100,000-499,999	240
500,000 and above	65
<b>Total</b>	<b>4,838</b>



Pure. Profit.



### 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](http://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 Balanced Fund

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

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

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

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

- i. We have reviewed and approved the modes of investments of MBF in light of *Shari'ah* requirements. Following is the list of top equity holdings of MBF as on June 30, 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	Cement	26.58%	1.36%	2.46%	83.54%	(401.10)	
Mari Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	26.87%	3.79%	36%	429.73	1339.82
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
Meezan Bank Ltd.	Commercial Banks	0.00%	0.00%	0.00%	67%	(675.3)	

\* 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 MBF 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 MBF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

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

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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN BALANCED FUND**

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

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

**Report on the Audit of the Financial Statements**

### Opinion

We have audited the financial statements of Meezan Balanced Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 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	<b>Net Asset Value</b> (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2021 amounted to Rs 3,653.901 million and balances with banks aggregated to Rs 1,116.066 million.  The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> <li>▪ Tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>▪ Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2021 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li> <li>▪ Ensured that the investments are carried as per the valuation methodology specified in the accounting policies; and</li> <li>▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>





### 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.

441





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

		2021	2020
	Note	------(Rupees in '000)-----	
<b>Assets</b>			
Balances with banks	5	1,116,066	785,606
Investments	6	3,653,901	3,266,840
Receivable against conversion of units		7,965	4,245
Dividend receivable		8,950	605
Receivable against sale of investments		3,217	4,364
Advances, deposits and other receivables	7	77,868	40,593
<b>Total assets</b>		<b>4,867,967</b>	<b>4,102,253</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	8	12,761	5,473
Payable to Central Depository Company of Pakistan Limited - Trustee	9	516	458
Payable to the Securities and Exchange Commission of Pakistan	10	876	905
Payable to Meezan Bank Limited		143	76
Payable against purchase of investments		14,269	4,740
Payable against redemption and conversion of units		11,551	4,614
Dividend payable		7,498	52,994
Accrued expenses and other liabilities	11	107,216	117,432
<b>Total liabilities</b>		<b>154,830</b>	<b>186,692</b>
<b>NET ASSETS</b>		<b>4,713,137</b>	<b>3,915,561</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>4,713,137</b>	<b>3,915,561</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>290,931,590</b>	<b>285,524,181</b>
		------(Rupees)-----	
<b>NET ASSET VALUE PER UNIT</b>		<b>16.2002</b>	<b>13.7136</b>

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

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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

	Note	2021	2020
		----- Rupees in '000'-----	
<b>Income</b>			
Profit on balances with banks		51,960	80,729
Dividend income		102,991	120,389
Profit on sukuk certificates		119,816	167,328
Profit on commercial papers		-	15,992
Net realised gain on sale of investments		185,030	83,991
Other income		-	75
		459,797	468,504
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.4	434,410	50,613
<b>Total income</b>		<b>894,207</b>	<b>519,117</b>
<b>Expenses</b>			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	87,666	89,498
Sindh Sales Tax on remuneration of the Management Company	8.2	11,397	11,635
Allocated expenses	8.3	4,520	4,475
Selling and marketing expenses	8.4	25,748	17,900
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	5,382	5,475
Sindh Sales Tax on remuneration of the Trustee	9.2	700	712
Annual fees to the Securities and Exchange Commission of Pakistan	10	876	905
Brokerage expense		4,963	3,799
Auditors' remuneration	13	540	550
Fees and subscription		593	313
Charity expense	11.1	2,712	3,376
Bank and settlement charges		628	709
Provision against sukuk certificates	6.3.6	33,912	-
Provision for Sindh Workers' Welfare Fund	11.2	14,291	7,595
<b>Total expenses</b>		<b>193,928</b>	<b>146,942</b>
<b>Net income for the year before taxation</b>		<b>700,279</b>	<b>372,175</b>
Taxation	15	-	-
<b>Net income for the year after taxation</b>		<b>700,279</b>	<b>372,175</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		700,279	372,175
Income already paid on units redeemed		(123,108)	(9,770)
		<b>577,171</b>	<b>362,405</b>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		577,171	134,604
- Excluding capital gains		-	227,801
		<b>577,171</b>	<b>362,405</b>

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

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



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

<b>Note</b>	<b>2021</b>	<b>2020</b>
	<b>----- Rupees in '000 -----</b>	
<b>Net income for the year after taxation</b>	700,279	372,175
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u><u>700,279</u></u>	<u><u>372,175</u></u>

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

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



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

	2021			2020		
	Capital value	Undistributed income	Total	Capital value	(Accumulated losses) / undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the year</b>	3,839,430	76,131	3,915,561	5,405,175	(55,085)	5,350,090
Issue of 169,766,069 units (2020: 44,838,618 units)						
- Capital value (at net asset value per unit at the beginning of the year)	2,328,104	-	2,328,104	603,564	-	603,564
- Element of income	316,731	-	316,731	38,680	-	38,680
Total proceeds on issuance of units	2,644,835	-	2,644,835	642,244	-	642,244
Redemption of 164,358,660 units (2020: 156,771,788 units)						
- Capital value (at net asset value per unit at the beginning of the year)	2,253,949	-	2,253,949	2,110,274	-	2,110,274
- Element of loss	170,481	123,108	293,589	97,715	9,770	107,485
Total payments on redemption of units	2,424,430	123,108	2,547,538	2,207,989	9,770	2,217,759
Total comprehensive income for the year	-	700,279	700,279	-	372,175	372,175
Distribution during the year	-	-	-	-	(231,189)	(231,189)
Net income for the year less distribution	-	700,279	700,279	-	140,986	140,986
<b>Net assets at the end of the year</b>	<b>4,059,835</b>	<b>653,302</b>	<b>4,713,137</b>	<b>3,839,430</b>	<b>76,131</b>	<b>3,915,561</b>
<b>Undistributed income / (accumulated losses) brought forward</b>						
- Realised income		25,518			819,542	
- Unrealised income / (loss)		50,613			(874,627)	
		<u>76,131</u>			<u>(55,085)</u>	
Accounting income available for distribution						
- Relating to capital gains	577,171			134,604		
- Excluding capital gains	-			227,801		
	<u>577,171</u>			<u>362,405</u>		
Distribution during the year	-			(231,189)		
Undistributed income carried forward		<u>653,302</u>			<u>76,131</u>	
<b>Undistributed income carried forward</b>						
- Realised income		218,892			25,518	
- Unrealised income		434,410			50,613	
		<u>653,302</u>			<u>76,131</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		<u>13.7136</u>			<u>13.4608</u>	
Net asset value per unit at the end of the year		<u>16.2002</u>			<u>13.7136</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 BALANCED FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2021**



**Meezan**  
Balanced Fund

	Note	2021	2020
		----- Rupees in '000' -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		700,279	372,175
<b>Adjustments for:</b>			
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.4	(434,410)	(50,613)
Provision against sukuk certificates		33,912	-
<b>Increase / (decrease) in assets</b>			
Investments		13,437	1,729,512
Receivable against sale of investments		1,147	71,546
Dividend receivable		(8,345)	14,099
Advances, deposits and other receivables		(37,275)	32,917
		(31,036)	1,848,074
<b>Increase / (decrease) in liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company		7,288	(11,297)
Payable to Central Depository Company of Pakistan Limited - Trustee		58	(157)
Payable to the Securities and Exchange Commission of Pakistan		(29)	(4,926)
Payable to Meezan Bank Limited		67	75
Payable against purchase of investments		9,529	4,740
Accrued expenses and other liabilities		(10,216)	32,380
		6,697	20,815
<b>Net cash generated from operating activities</b>		275,442	2,190,451
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		2,641,115	638,672
Payments against redemption and conversion of units		(2,540,601)	(2,215,392)
Dividend paid		(45,496)	(185,685)
<b>Net cash generated from / (used in) financing activities</b>		55,018	(1,762,405)
<b>Net increase in cash and cash equivalents</b>		330,460	428,046
Cash and cash equivalents at the beginning of the year		785,606	357,560
<b>Cash and cash equivalents at the end of the year</b>	5	1,116,066	785,606

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

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

- 1.2** The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP.
- 1.3** The investment objective of the Fund is to generate long-term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality Shariah compliant equity securities and Islamic income instruments such as Islamic Sukuks (certificates of Islamic investment), musharaka certificates, Government Securities, cash in bank accounts, Money Market Placements, Deposits, Certificates of Deposits, Term Deposits Receipts, Commercial Papers, Islamic alternatives of Reverse Repos, Spread Transactions, and other Shariah compliant instruments as indicated by the SECP. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.4** The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. The Fund is categorised as a Shariah Compliant Balanced Fund in accordance with Circular 7 of 2009 issued by the SECP.
- 1.5** Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.
- 1.6** The Management Company has been assigned a quality rating of AM1 by VIS Credit Rating Company Limited dated December 31, 2020 (2020: AM1 dated December 31, 2019) and by PACRA dated June 23, 2021 (2020: AM1 dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 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 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**

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 carried at fair values.

### **3.6 Functional and presentation currency**

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

## **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **4.2 Cash and cash equivalents**

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



### **4.3 Financial assets**

#### **4.3.1 Classification and subsequent measurement**

##### **4.3.1.1 Debt instruments**

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

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

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

##### **4.3.1.2 Equity instruments**

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

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

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

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

#### **4.3.2 Impairment**

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

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

#### **4.3.3 Impairment loss on debt securities**

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

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

#### **4.3.4 Regular way contracts**

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

#### **4.3.5 Initial recognition and measurement**

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

#### **4.3.6 Derecognition**

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

#### **4.3.7 Derivatives**

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

#### **4.4 Financial liabilities**

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

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

#### **4.5 Offsetting of financial assets and financial liabilities**

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

#### **4.6 Provisions**

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

#### **4.7 Net asset value per unit**

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

#### **4.8 Issue and redemption of units**

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

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

#### **4.9 Distributions to unit holders**

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

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

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

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

#### **4.11 Revenue recognition**

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised when the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the date of commencement of book closure of the investee company / institution declaring the dividend.
- Income on sukuk certificates, term deposit receipts, commercial paper and government securities is recognised on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- Profit on saving accounts with banks is 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% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Provided that, for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units shall not be taken into account.

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

#### **4.14 Earnings / (loss) per unit**

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

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

#### 4.15 Foreign currency translation

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

	Note	2021	2020
		----- Rupees in '000'-----	
<b>5 BALANCES WITH BANKS</b>			
Balances with banks in:			
Savings accounts	5.1	1,107,485	777,690
Current accounts		8,581	7,916
		<u>1,116,066</u>	<u>785,606</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 balances in saving accounts have expected profit rates ranging from 1.50% to 7% per annum (2020: 1.50% to 7.50% per annum)

	Note	2021	2020
		----- Rupees in '000'-----	
<b>6 INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Shares of listed companies - 'ordinary shares'	6.1	2,205,560	1,897,643
Sukuk certificates	6.2 & 6.3	<u>1,448,341</u>	<u>1,369,197</u>
		<u>3,653,901</u>	<u>3,266,840</u>

#### 6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2020	Purchases during the year	Right / 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 the investee company (with face value of investment)	Total market value of investments
	Number of shares					(Rupees in '000)			%		

##### Sectors / companies

##### Automobile Assemblers

Ghandhara Industries Limited	2,100	-	-	-	2,100	254	586	332	0.01	-	0.02
Honda Atlas Cars (Pakistan) Limited	6,100	-	-	6,100	-	-	-	-	-	-	-
Indus Motor Company Limited	13,700	-	-	13,700	-	-	-	-	-	-	-
Millat Tractors Company Limited	9,006	15,050	3,007	-	27,063	21,009	29,217	8,208	0.62	0.05	0.80
Pak Suzuki Motor Company Limited	-	85,000	-	8,000	77,000	23,570	27,369	3,799	0.58	0.09	0.75
									1.21	0.14	1.56

##### Automobile parts and accessories

Agriauto Industries Limited (note 6.1.1)	40,200	-	-	40,200	-	-	-	-	-	-	-
Panther Tyres Limited	-	22,460	-	-	22,460	1,478	1,553	75	0.03	0.02	0.04
									0.03	0.02	0.04

##### Cable and Electrical Goods

Pak Elektron Limited	-	300,000	-	300,000	-	-	-	-	-	-	-
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##### Cement

Attock Cement Pakistan Limited	728	28,800	-	25,000	4,528	736	814	78	0.02	-	0.02
Cherat Cement Company Limited	110,000	117,300	-	80,000	147,300	20,340	26,128	5,788	0.55	0.08	0.72
DG Khan Cement Company Limited	152,000	475,000	-	266,062	360,938	39,513	42,562	3,049	0.90	0.08	1.16
Power Cement Limited	-	1,000,000	-	1,000,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	80,000	250,000	-	330,000	-	-	-	-	-	-	-
Kohat Cement Limited	455,520	10,000	-	50,000	415,520	57,829	85,801	27,972	1.82	0.21	2.35
Lucky Cement Limited	293,851	27,500	-	60,960	260,391	131,377	224,832	93,455	4.77	0.08	6.15
Maple Leaf Cement Limited	806,281	1,395,000	-	1,102,510	1,098,771	41,556	51,620	10,064	1.10	0.10	1.41
									9.16	0.55	11.82



Name of the investee company	As at July 1, 2020	Purchases during the year	Right / 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 the investee company (with face value of investment)	Total market value of investments
Number of shares						(Rupees in '000)			%		
Chemicals											
Dynea Pakistan Limited	-	25,000	-	-	25,000	5,496	5,525	29	0.12	0.13	0.15
Engro Polymer & Chemicals Limited	667,954	985,500	-	805,000	848,454	30,975	40,081	9,106	0.85	0.09	1.10
Ghani Global Holdings Limited	-	1,530,000	90,000	1,620,000	-	-	-	-	-	-	-
I.C.I. Pakistan Limited	101,416	6,000	-	25,150	82,266	57,950	71,473	13,523	1.52	0.09	1.96
Lotte Chemical Pakistan Limited	508,500	-	-	508,500	-	-	-	-	-	-	-
Nimir Resins Limited	-	500,000	-	420,000	80,000	1,050	1,612	562	0.03	0.03	0.04
Ittehad Chemicals Limited	129,000	-	-	129,000	-	-	-	-	-	-	-
Sitara Peroxide Limited	400,000	-	-	400,000	-	-	-	-	-	-	-
Sitara Chemical Industries Limited	2,100	16,000	-	-	18,100	6,552	6,371	(181)	0.14	0.08	0.17
									2.65	0.29	3.27
Commercial Banks											
BankIslami Pakistan Limited	431,462	630,000	-	430,000	631,462	6,058	7,098	1,040	0.15	0.06	0.19
Meezan Bank Limited	933,885	60,000	93,388	156,000	931,273	59,216	107,478	48,262	2.28	0.07	2.94
									2.43	0.13	3.14
Engineering											
Agha Steel Industries Limited	-	1,287,968	-	898,484	389,484	12,526	13,137	611	0.28	0.07	0.36
Aisha Steel Mills Limited	-	240,000	-	-	240,000	6,681	5,978	(703)	0.13	0.03	0.16
International Industries Limited	93,720	135,000	-	72,000	156,720	25,191	33,071	7,880	0.70	0.12	0.91
International Steels Limited	280,000	-	-	180,000	100,000	5,165	9,341	4,176	0.20	0.02	0.26
Ittefaq Iron Industries Limited	-	545,000	-	-	545,000	10,661	10,328	(333)	0.22	0.38	0.28
K.S.B. Pumps Company Limited	5,000	-	-	-	5,000	720	1,109	389	0.02	0.04	0.03
Mughal Iron & Steels Industries Limited	75,000	436,800	-	320,000	191,800	14,852	20,024	5,172	0.42	0.07	0.55
									1.97	0.73	2.54
Fertilizers											
Engro Corporation Limited (Note 6.1.2)	639,722	18,000	-	301,708	356,014	104,397	104,885	488	2.23	0.06	2.87
Engro Fertilizers Limited	1,228,143	410,500	-	1,081,719	556,924	35,281	39,135	3,854	0.83	0.04	1.07
Fatima Fertilizer Limited	95,000	-	-	95,000	-	-	-	-	-	-	-
									3.06	0.10	3.94
Food & Personal Care Products											
Al-Shaheer Corporation Limited	7,709	837	-	-	8,546	97	170	73	0.00	-	0.00
The Organic Meat Company Limited	-	150,000	-	150,000	-	-	-	-	-	-	-
At-Tahur Limited	70,742	-	7,074	77,816	-	-	-	-	-	-	-
Unity Foods Limited	-	1,888,000	-	1,230,000	658,000	18,162	29,294	11,132	0.62	0.07	0.80
									0.63	0.07	0.81
Glass & Ceramics											
Ghani Global Glass Limited	-	915,600	-	915,600	-	-	-	-	-	-	-
Shabbir Tiles & Ceramics Limited	-	675,000	-	-	675,000	16,668	22,511	5,843	0.48	0.21	0.62
Tariq Glass Industries Limited	25,000	-	-	25,000	-	-	-	-	-	-	-
									0.48	0.21	0.62
Leather & Tanneries											
Service Global Footwear Limited	-	108,430	-	-	108,430	5,768	6,271	503	0.13	0.05	0.17
Investment Banks											
Dawood Hercules Corporation Limited	8,800	-	-	8,800	-	-	-	-	-	-	-
Miscellaneous											
Shifa International Hospitals Limited	84	20,000	-	20,084	-	-	-	-	-	-	-
Synthetic Products Enterprises Limited	-	67,925	-	67,925	-	-	-	-	-	-	-
									-	-	-
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited	149,747	-	-	36,500	113,247	140,047	172,633	32,586	3.66	0.08	4.72
Oil and Gas Development Company Limited	1,415,100	405,000	-	597,731	1,222,369	131,233	116,162	(15,071)	2.46	0.03	3.18
Pakistan Oilfields Limited	287,710	20,045	-	130,532	177,223	63,089	69,801	6,712	1.48	0.06	1.91
Pakistan Petroleum Limited	1,374,502	496,000	-	461,374	1,409,128	126,761	122,355	(4,406)	2.60	0.05	3.35
									10.20	0.22	13.16

Name of the investee company	As at July 1, 2020	Purchases during the year	Right / 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 the investee company (with face value of investment)	Total market value of invest- ments
	Number of shares					(Rupees in '000)			%		
Oil and Gas Marketing Companies											
Attock Petroleum Limited	12,000	-	-	12,000	-	-	-	-	-	-	-
Hi-Tech Lubricants Limited	125,000	-	-	125,000	-	-	-	-	-	-	-
Hascol Petroleum Limited	1,051,400	429,000	-	1,478,499	1,901	31	17	(14)	-	-	-
Pakistan State Oil Company Limited	382,290	223,400	-	174,500	431,190	85,511	96,694	11,183	2.05	0.09	2.65
Shell Pakistan Limited	-	35,000	-	35,000	-	-	-	-	-	-	-
Sui Northern Gas Pipeline Limited	788,000	450,000	-	780,000	458,000	21,291	22,250	959	0.47	0.07	0.61
									2.52	0.16	3.26
Paper & Board											
Cherat Packaging Limited	31,240	-	-	31,200	40	5	8	3	-	-	-
Century Paper & Board Mills Limited	95,000	176,000	40,200	10,900	300,300	24,071	36,658	12,587	0.78	0.17	1.00
Packages Limited	89,023	5,000	-	-	94,023	33,193	51,261	18,068	1.09	0.11	1.40
Roshan Packages Limited	-	138,500	-	52,000	86,500	3,279	2,849	(430)	0.06	0.06	0.08
Security Papers Limited	-	25,000	-	-	25,000	5,579	3,614	(1,965)	0.08	0.04	0.10
									2.00	0.38	2.58
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	2,250	-	-	-	2,250	1,492	1,783	291	0.04	-	0.05
AGP Limited	440,000	-	-	236,500	203,500	22,332	23,877	1,545	0.51	0.07	0.65
GlaxoSmithKline Consumer Healthcare Pakistan Limited	75,600	-	-	28,700	46,900	12,742	11,729	(1,013)	0.25	0.04	0.32
Highnoon Laboratories Limited	1,757	-	43	1,319	481	220	289	69	0.01	-	0.01
IBL HealthCare Limited	-	170,000	-	-	170,000	20,327	18,892	(1,435)	0.40	0.31	0.52
The Searle Company Limited	190,370	45,811	-	85,000	151,181	30,556	36,680	6,124	0.78	0.06	1.00
									1.98	0.48	2.55
Power Generation & Distribution											
K-Electric Limited (note 6.1.1)	11,155,000	1,055,500	-	5,728,000	6,482,500	20,669	27,097	6,428	0.57	0.02	0.74
The Hub Power Company Limited	1,966,713	840,000	-	1,839,563	967,150	79,057	77,053	(2,004)	1.63	0.07	2.11
									2.21	0.09	2.85
Real Estate Investment Trust											
Dolmen City REIT	1,909,000	-	-	-	1,909,000	20,789	21,037	248	0.45	0.09	0.58
Refinery											
Attock Refinery Limited	-	210,000	-	152,000	58,000	15,129	14,874	(255)	0.32	0.05	0.41
Byco Petroleum Pakistan Limited	-	1,920,000	-	110,000	1,810,000	19,287	21,014	1,727	0.45	0.03	0.58
National Refinery Limited	-	10,400	-	10,400	-	-	-	-	-	-	-
									0.76	0.08	0.98
Technology & Communication											
Avanceon Limited	155,980	566,000	48,796	328,000	442,776	31,483	40,594	9,111	0.86	0.17	1.11
Netsol Technologies Limited	-	68,000	-	68,000	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
Systems Limited	162,550	34,100	13,965	57,000	153,615	29,186	86,057	56,871	1.83	0.11	2.36
									2.69	0.28	3.47
Textile composite											
Feroze1888 Mills Limited	263,300	25,000	-	210,500	77,800	6,784	7,820	1,036	0.17	0.02	0.21
Interloop Limited	1,109,222	-	-	195,000	914,222	40,153	64,022	23,869	1.36	0.10	1.75
Kohinoor Textile Mills Limited	-	50,000	-	-	50,000	3,800	3,760	(40)	0.08	0.02	0.10
Nishat Mills Limited	270,600	240,000	-	196,500	314,100	28,449	29,306	857	0.62	0.09	0.80
									2.23	0.23	2.87
Total as at June 30, 2021						1,777,673	2,205,560	427,887			
Total as at June 30, 2020						1,846,375	1,897,643	51,268			

**6.1.1** All shares have a face value of Rs 10 each except for the shares of Dynea Pakistan Limited and Shabbir Tiles and Ceramics Limited which have a nominal value of Rs 5 and K-Electric Limited which have a nominal value of Rs 3.5 each.

**6.1.2** Investments include 150,000 shares of Engro Corporation Limited, having a market value of Rs 44.192 million (2020: Rs 43.938 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

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

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

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

As at June 30, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 6.102 million (2020: 4.701 million).

## 6.2 Government Securities - GOP Ijarah Sukuk

Name of the Security	Issue date	Maturity date	Profit rate	As at July 1, 2020	Purchases during the year	Sales / matured during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution) as at June 30, 2021	Percentage in relation to	
				(Number of certificates)							Net assets of the Fund	Total market value of investments
GoP Ijarah Sukuk Certificates - XX (Note 6.2.1)	April 30, 2020	April 30, 2025	Weighted Average 6 months T-Bills	1,870	2,500	2,890	1,480	141,592	143,738	2,146	3.05	3.93
GoP Ijarah Sukuk Certificates - XXI (Note 6.2.1)	May 29, 2020	May 29, 2025	Weighted Average 6 months T-Bills	1,500	-	-	1,500	150,405	150,945	540	3.20	4.13
GoP Ijarah Sukuk Certificates - XXIII VRR (Note 6.2.1)	July 29, 2020	July 29, 2025	Weighted Average 6 months T-Bills	-	2,000	2,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIII FRR (Note 6.2.1)	July 29, 2020	July 29, 2025	Weighted Average 6 months T-Bills	-	500	500	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIV (Note 6.2.1)	December 09, 2020	December 09, 2025	Weighted Average 6 months T-Bills	-	3,000	1,000	2,000	200,120	201,840	1,720	4.28	5.52
<b>Total as at June 30, 2021</b>								<u>492,117</u>	<u>496,523</u>	<u>4,406</u>		
<b>Total as at June 30, 2020</b>								<u>337,019</u>	<u>331,795</u>	<u>(5,224)</u>		

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

**6.3 Sukuk certificates**

Name of the investee company	Profit payments / Principal redemptions	Maturity	Profit rate	As at July 1, 2020	Purchases during the year	Sales / Redemptions / matured during the year	As at June 30, 2021	Carrying value as at June 30, 2021*	Market value as at June 30, 2021*	Unrealised appreciation / (diminution) as at June 30, 2021	Percentage in relation to	
											Net Assets of the Fund	Total market value of investments
-----Number of certificates-----								----- (Rupees in '000) -----				
K Electric Limited - (Sukuk 4) (AA+, VIS, non-traded) (note 6.3.1)	Quarterly	June 17, 2022	3 months KIBOR plus base rate of 1%	70,003	-	10,000	60,003	60,753	60,552	(201)	1.28	1.66
Security Leasing Corporation Limited II * (non-traded) (note 6.3.1 & 6.3.3)	Annually	January 19, 2022	N/A	1,540	-	-	1,540	-	-	-	-	-
Eden Housing Limited * (non-traded) (note 6.3.1 & 6.3.3)	Semi-annually	September 29, 2014	N/A	5,000	-	-	5,000	-	-	-	-	-
Arzoo Textile Mills Limited * (non-traded) (note 6.3.1 & 6.3.3)	Semi-annually	April 15, 2014	N/A	5,000	-	-	5,000	-	-	-	-	-
Hascol Peroleum Limited - Sukuk * (D, VIS, non-traded) (note 6.3.1 & 6.3.3)	Quarterly	January 6, 2022	3 months KIBOR plus base rate of 1.50%	50,000	-	-	50,000	28,125	28,125	-	0.60	0.77
Dubai Islamic Bank Pakistan Limited - Sukuk (AA-, VIS, non-traded) (note 6.3.1)	Semi-annually	July 14, 2027	6 months KIBOR plus base rate of 0.50%	141	-	-	141	144,699	144,943	244	3.08	3.97
International Brands Limited (AA, VIS, non-traded) (note 6.3.1)	Quarterly	November 15, 2021	3 months KIBOR plus base rate of 0.50%	650	-	-	650	26,406	26,609	203	0.56	0.73
Neelum Jhelum Hydropower Company (Private) Limited (AAA, VIS, non-traded) (note 6.3.1)	Semi-annually	June 29, 2026	6 months KIBOR plus base rate of 1.13%	230	-	-	230	14,742	14,806	64	0.31	0.41
K-Electric Limited (sukuk 5) (AA+, VIS, non-traded) (note 6.3.1)	Quarterly	December 27, 2026	3 months KIBOR plus base rate of 1.70%	40,000	90,000	100,000	30,000	151,500	152,325	825	3.23	4.17
Meezan Bank Limited (AA+, VIS, non-traded) (note 6.3.1)	Semi-annually	September 22, 2026	6 months KIBOR plus base rate of 0.5%	80	-	-	80	82,000	82,850	850	1.76	2.27
Shakarganj Food Products Limited (BBB+, VIS, non-traded) (note 6.3.1 & 6.3.3)	Quarterly	July 10, 2024	3 months KIBOR plus base rate of 1.75%	82	-	-	82	69,700	69,968	268	1.48	1.91
Javedan Corporation Limited (AA-, VIS, non-traded) (note 6.3.1)	Semi-annually	October 4, 2026	6 months KIBOR plus base rate of 1.75%	750	-	-	750	68,748	68,063	(685)	1.44	1.86

Name of the investee company	Profit payments / Principal redemptions	Maturity	Profit rate	As at July 1, 2020	Purchases during the year	Sales / Redemptions / matured during the year	As at June 30, 2021	Carrying value as at June 30, 2021*	Market value as at June 30, 2021*	Unrealised appreciation / (diminution) as at June 30, 2021	Percentage in relation to	
				-----Number of certificates-----				----- (Rupees in '000) -----			Net Assets of the Fund	Total market value of investments
Agha Steel Industries Limited (A+, VIS) (note 6.3.1 & 6.3.2)	Quarterly	October 9, 2024	3 months KIBOR plus base rate of 0.80%	100	-	-	100	100,000	99,783	(217)	2.12	2.73
AGP Limited (A+, PACRA, non-traded) (note 6.3.1)	Quarterly	June 9, 2022	3 months KIBOR plus base rate of 1.30%	405	-	-	405	8,111	8,157	46	0.17	0.22
Hub Power Holdings Limited** (AA+, PACRA, non-traded) (note 6.3.1)	Semi-annually	November 12, 2025	6 months KIBOR plus base rate of 2.50%	-	2,000	-	2,000	164,917	164,917	-	3.50	4.51
Engro Polymer and Chemicals Limited (AA, PACRA, traded)	Quarterly	July 11, 2026	3 months KIBOR plus base rate of 0.90%	78	-	78	-	-	-	-	-	-
Hub Power Company Limited (AA+, PACRA) (note 6.3.1)	Semi-annually	March 19, 2024	1 year KIBOR plus base rate of 1.90%	500	-	200	300	30,000	30,720	720	0.65	0.84
<b>Total as at June 30, 2021</b>								<b>949,701</b>	<b>951,818</b>	<b>2,117</b>		
<b>Total as at June 30, 2020</b>								<b>1,032,833</b>	<b>1,037,402</b>	<b>4,569</b>		

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

\*\* This investment has been carried at cost as they were not valued by MUFAP as at June 30, 2021.

**6.3.1** The nominal value of these sukuk certificates is Rs 5,000 each except for the sukuk certificates of Agha Steel Industries Limited, Dubai Islamic Bank Pakistan Limited, Meezan Bank Limited, Shakarganj Food Products Limited which have nominal value of Rs. 1,000,000, sukuk certificates of AGP Limited, Hub Power Company Limited, Hub Power Holdings Limited International Brands Limited, Javedan Corporation Limited, Neelum Jhelum Hydropower Company (Pvt.) Limited which have nominal value of Rs. 100,000 and sukuk certificates of Eden Housing Limited which have nominal value of Rs 984.375.

**6.3.2** Circular No. 33 of 2012 allows the asset manager to apply a mark up / mark down within available limit for valuation of any specific debt security. Exercising the discretionary power, the sukuk certificates of Agha Steel Industries Limited have been valued at discretionary rates of 99.7834 when the reported market rate on MUFAP valuation sheet as at June 30, 2021 were 98.3059.

### **6.3.3 Details of non-compliant investments with the investment criteria of the assigned category**

The Securities and Exchange Commission of Pakistan (SECP), vide its circular No. 16 dated July 07, 2010, prescribed certain disclosures for the schemes holding investments that were non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirement of their constitutive documents. The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Al Meezan Investment Management Limited (the Management Company) classified Meezan Balanced Fund (the Fund) as a 'Balanced Scheme' in accordance with the said circular. As at June 30, 2021, the Fund is compliant with all the requirements of the said circular except for that the rating of any security in the portfolio shall not be lower than the investment grade.

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



Name of non-compliant investment	Type of Investment	Note	Value of investments before provision	Provision held as at June 30, 2021	Value of investments after provision	Percent- age of net assets	Percent- age of total assets
			----- (Rupees in '000) -----			----- % -----	
<b>Listed</b>							
Arzoo Textile Mills Limited	Non-traded sukuk certificates	6.3.4	25,000	25,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	6.3.4	4,922	4,922	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	6.3.5	7,701	7,701	-	-	-
Hascol Peroleum Limited	Non-traded sukuk certificates	6.3.6 & 6.3.7	62,037	33,912	28,125	0.60	0.58
Shakarganj Food Products Limited	Non-traded sukuk certificates	6.3.6	69,968	-	69,968	1.48	1.44
<b>Total - June 30, 2021</b>			<b>169,628</b>	<b>71,535</b>	<b>98,093</b>	<b>2.08</b>	<b>2.02</b>
<b>Total - June 30, 2020</b>			<b>124,042</b>	<b>37,623</b>	<b>86,419</b>	<b>2.21</b>	<b>2.11</b>

**6.3.4** Eden Housing Limited and Arzoo Textile Mills Limited sukuk certificates have been classified as non-performing by MUFAP. Therefore, in accordance with the requirements of SECP's Circular No. 33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 4.922 million and Rs. 25 million respectively has also been held as provision against the outstanding principal as at June 30, 2021.

**6.3.5** The agreement with Security Leasing Corporation Limited (SLCL) had been amended on February 19, 2012. In accordance with the revised terms no mark-up is payable on the said sukuk with the approval of contributories to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 3, 2012. Therefore in accordance with the requirement of Circular No. 33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy of the Fund, an amount of Rs. 7.701 million has also been held as provision against the outstanding principal as at June 30, 2021.

**6.3.6** On April 1, 2021, sukuk certificates of Hascol Petroleum Limited have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been during the year classified as non-performing asset and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 33.912 million have also been held as provision against the outstanding investment as at June 30, 2021.

**6.3.7** In accordance with the requirements of SECP's Circular No. 7 of 2009, rating of any debt security in the portfolio of Balanced Scheme shall not be lower than A-. Sukuk of Shakarganj Food Products Limited has been assigned a credit rating of BBB+ by VIS dated November 23, 2020 and sukuk of Hascol Petroleum Limited has been assigned a credit rating of D by VIS dated March 30, 2021 (2020: A dated July 18, 2019 and BBB- dated April 17, 2020) making it non-compliant. However, both the Sukuks were compliant at the time of investment by the Fund.

	Note	2021 ---- Rupees in '000'----	2020
<b>6.4 Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>			
Market value of investments		3,653,901	3,266,840
Carrying value of investments		3,219,491	3,216,227
		<u>434,410</u>	<u>50,613</u>

## 7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposits		10,872	2,800
Profit receivable on balances with banks		7,194	8,205
Profit receivable on sukuk certificates		28,192	28,015
Advance against IPO subscription	7.1	30,037	-
Advance tax	7.2	1,573	1,573
		<u>77,868</u>	<u>40,593</u>

- 7.1** This pertains to advance made against subscription of IPO of Pakistan Aluminium Beverage Cans Limited.
- 7.2** 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 150 and 151. However, withholding tax on dividend and profit on debt paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder. The tax withheld on dividends and profit on debt amounts to Rs 1.573 million (2020: Rs 1.573 million).

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

8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2021	2020
			----- (Rupees in '000) -----	
	Management fee payable	8.1	555	887
	Sindh Sales Tax on management fee payable	8.2	72	116
	Sales load payable		669	206
	Sindh Sales Tax on sales load payable		87	27
	Allocated expenses payable	8.3	412	327
	Selling and marketing expenses payable	8.4	10,966	3,910
			<u>12,761</u>	<u>5,473</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 11.397 million (2020: Rs 11.635 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 11.441 million (2020: Rs. 12.719 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, 2021 (2020: 0.1%) of average annual net assets during the year.

- 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% from July 1, 2020 to March 9, 2021 and at 1% from March 10, 2021 to June 30, 2021 (2020: 0.4%) of average annual net assets during the year.

	Note	2021	2020
		----- (Rupees in '000) -----	
<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee fee payable	9.1	457	405
Sindh Sales Tax payable on trustee fee	9.2	59	53
		<u>516</u>	<u>458</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 0.700 million (2020: Rs 0.712 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.694 million (2020: Rs 0.679 million) was paid to the Trustee which acts as a collecting agent.

#### **10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as a Balanced Scheme is required to pay 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
		----- (Rupees in '000) -----	
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Withholding tax payable		917	24,614
Provision for Sindh Workers' Welfare Fund	11.2	60,542	46,251
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.3	31,961	31,961
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.3	6,838	6,838
Brokerage expenses payable		1,401	2,165
Charity payable	11.1	4,946	4,858
Shariah advisory fee payable		243	218
Auditors' remuneration payable		361	371
Zakat payable		7	156
		<u>107,216</u>	<u>117,432</u>

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

During the year ended June 30, 2021, non-shariah compliant income amounting to Rs 2.712 million (2020: Rs 3.376 million) was charged as an expense in the books of the Fund, and Rs. 2.700 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Autism Society of Pakistan	700
2	Saylani Welfare Trust	500
3	Patel Hospital	500
4	Trust for Malnutrition & Stunted Growth	1,000
	<b>Total</b>	<u>2,700</u>

- 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 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.21 per unit (2020: Re 0.16 per unit).

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 38.799 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.13 (2020: Re 0.14) 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) -----	
<b>13 AUDITORS' REMUNERATION</b>		
Annual audit fee	302	323
Half yearly review of condensed interim financial statements	119	120
Fee for other certifications	112	100
Out of pocket expenses	7	7
	<u>540</u>	<u>550</u>
<b>14 TOTAL EXPENSE RATIO</b>		

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 4.22% (2020: 3.28%) which includes 0.64% (2020: 0.48%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Balanced Scheme.



## 15 TAXATION

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

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

## 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 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

#### Al Meezan Investment Management Limited (Management Company)

	2021	2020
	-----Rupees in '000'-----	
Management fee payable	555	887
Sindh Sales Tax on management fee payable	72	116
Sales load payable	669	206
Sindh Sales Tax on sales load payable	87	27
Allocated expenses payable	412	327
Selling and marketing expenses payable	10,966	3,910
Outstanding 947,787 (2020: 947,787) units - at net asset value	15,354	12,998

#### Central Depository Company of Pakistan Limited - Trustee

Trustee fee payable	457	405
Sindh Sales Tax payable on trustee fee	59	53
Security deposits	300	300

#### Meezan Bank Limited

Balances with banks	22,259	28,381
Sales load payable	127	67
Sindh Sales Tax on sales load payable	16	9
Shariah advisory fee payable	243	218
Investment of 18,886,746 units (2020: 18,886,746 units)	305,969	259,005
Investment in 80 sukuk certificates (2020: 80 sukuk certificates)	82,850	82,000
Investment in 931,273 shares (2020: 933,885 shares)	107,478	64,298

**Balances**

	2021	2020
	-----Rupees in '000'-----	
<b>AI Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Outstanding 473,186 units (2020: 473,186) units	7,666	6,489
<b>Directors and Executives of the Management Company</b>		
Outstanding 6,524,913 units (2020: 6,601,536 units)	105,705	90,531

**Transactions during the year**

	2021	2020
	-----Rupees in '000'-----	
<b>AI Meezan Investment Management Limited (Management Company)</b>		
Remuneration of AI Meezan Investment Management Limited - Management Company	87,666	89,498
Sindh Sales Tax on remuneration of the Management Company	11,397	11,635
Allocated expenses	4,520	4,475
Selling and marketing expenses	25,748	17,900
Units issued: nil (2020: 47,149) units	-	761
Cash dividend for the year	-	761
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	5,382	5,475
Sindh Sales Tax on remuneration of the Trustee	700	712
CDS charges	178	110
<b>Meezan Bank Limited</b>		
Profit on balances with banks	419	4,562
Profit on sukuk certificates	7,096	19,964
Dividend income	7,810	4,506
Shariah advisor fee	565	286
Sale of sukuk certificates: nil certificates (2020: 120 certificates)	-	119,780
Purchase of 60,000 shares (2020: 300,000 shares)	4,837	18,000
Bonus Shares: 93,388 shares (2020: nil shares)	-	-
Sale of 156,000 shares (2020: 579,000 shares)	16,919	42,685
Cash dividend for the year	-	15,952
<b>AI Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Units issued: nil units (2020: 27,452 units)	-	376
Cash dividend for the year	-	376
<b>Directors and Executives of the Management Company</b>		
Units issued: 40,839 units (2020: 379,757 units)	625	6,033
Units redeemed: 117,462 units (2020: 173,437 units)	1,854	2,326
Cash dividend for the year	-	5,298

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

**17 FINANCIAL INSTRUMENTS BY CATEGORY**

	----- 2021 -----		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees in '000' -----		
<b>Financial assets</b>			
Balances with banks	1,116,066	-	1,116,066
Investments	-	3,653,901	3,653,901
Receivable against conversion of units	7,965	-	7,965
Dividend receivable	8,950	-	8,950
Receivable against sale of investments	3,217	-	3,217
Advances, deposits and other receivables	76,295	-	76,295
	1,212,493	3,653,901	4,866,394

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	-	12,761	12,761
Payable to Central Depository Company of Pakistan Limited - Trustee	-	516	516
Payable to Meezan Bank Limited	-	143	143
Payable against purchase of investments	-	14,269	14,269
Payable against redemption and conversion of units	-	11,551	11,551
Dividend payable	-	7,498	7,498
Accrued expenses and other liabilities	-	6,951	6,951
	-	53,689	53,689

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

**Financial assets**

Balances with banks	785,606	-	785,606
Investments	-	3,266,840	3,266,840
Receivable against conversion of units	4,245	-	4,245
Dividend receivable	605	-	605
Receivable against sale of investments	4,364	-	4,364
Advances, deposits and other receivables	39,020	-	39,020
	833,840	3,266,840	4,100,680

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

**Financial liabilities**

Payable to Al Meezan investment Management Limited - Management Company	-	5,473	5,473
Payable to Central Depository Company of Pakistan Limited - Trustee	-	458	458
Payable to Meezan Bank Limited	-	76	76
Payable against redemption and conversion of units	-	4,614	4,614
Payable against purchase of investments	-	4,740	4,740
Dividend payable	-	52,994	52,994
Accrued expenses and other liabilities	-	7,612	7,612
	-	75,967	75,967

**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, sukuk certificates and investments in government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

**a) Sensitivity analysis for variable rate instruments**

Presently, the Fund holds balances with banks and sukuk certificates which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs.25.558 million (2020: Rs. 21.469 million).

**b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2021, the Fund holds no financial asset which exposes the Fund to fair value profit rate risk.

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

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 with banks  
Investments

1.50% - 7.00%  
Weighted Average 6 months  
T-Bills & KIBOR + 0.5% to  
KIBOR +2.5%

1,107,485	-	-	8,581	1,116,066
673,312	775,029	-	2,205,560	3,653,901
-	-	-	7,965	7,965
-	-	-	8,950	8,950
-	-	-	3,217	3,217
-	-	-	76,295	76,295
1,780,797	775,029	-	2,310,568	4,866,394

Receivable against conversion of units  
Dividend receivable  
Receivable against sale of investments  
Advances, deposits and other receivables

**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 redemption and conversion of units  
Payable against purchase of investments  
Dividend payable  
Accrued expenses and other liabilities

-	-	-	12,761	12,761
-	-	-	516	516
-	-	-	143	143
-	-	-	11,551	11,551
-	-	-	14,269	14,269
-	-	-	7,498	7,498
-	-	-	6,951	6,951
-	-	-	53,689	53,689

**On-balance sheet gap (a)**

**Off-balance sheet financial instruments**

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

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

**Cumulative profit rate sensitivity gap**

1,780,797	775,029	-	2,256,879	4,812,705
-	-	-	-	-
-	-	-	-	-
1,780,797	775,029	-		
1,780,797	2,555,826	2,555,826		



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%

777,690	-	-	7,916	785,606
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Investments

Weighted Average 6 months

944,714	424,483	-	1,897,643	3,266,840
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T Bills &amp; KIBOR + 0.5% to

KIBOR +1.75%

Receivable against conversion of units

-	-	-	4,245	4,245
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Receivable against sale of investments

-	-	-	4,364	4,364
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Dividend receivable

-	-	-	605	605
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Advances, deposits and other receivables

-	-	-	39,020	39,020
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1,722,404	424,483	-	1,953,793	4,100,680
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**Financial liabilities**

Payable to AI Meezan Investment Management

Limited - Management Company

-	-	-	5,473	5,473
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Payable to Central Depository Company of Pakistan

Limited - Trustee

-	-	-	458	458
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Payable to Meezan Bank Limited

-	-	-	76	76
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Payable against redemptions of units

-	-	-	4,614	4,614
---	---	---	-------	-------

Payable against purchase of investments

-	-	-	4,740	4,740
---	---	---	-------	-------

Dividend payable

-	-	-	52,994	52,994
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Accrued expenses and other liabilities

-	-	-	7,612	7,612
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-	-	-	75,967	75,967
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**On-balance sheet gap (a)**

1,722,404	424,483	-	1,877,826	4,024,713
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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)**

1,722,404	424,483	-		
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**Cumulative profit rate sensitivity gap**

1,722,404	2,146,887	2,146,887		
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**(ii) Currency risk**

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

**(iii) Price risk**

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

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

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets subject to 10% of the issued capital of the investee company and sector exposure limit to 35% of the net assets or index weight, which ever is higher, subject to maximum of 40%.

In case of 1% increase / decrease in KMI 30 index on June 30, 2021, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 22.056 million (2020: Rs. 18.976 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI-30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 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'						
<b>Financial assets</b>						
Balances with banks	1,116,066	-	-	-	-	1,116,066
Investments	-	-	123,443	876,717	448,181	2,205,560
Receivable against conversion of units	7,965	-	-	-	-	7,965
Dividend receivable	8,950	-	-	-	-	8,950
Receivable against sale of investments	3,217	-	-	-	-	3,217
Advances, deposits and other receivables	42,440	6,373	16,610	-	10,872	76,295
	1,178,638	6,373	140,053	876,717	448,181	2,216,432
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	12,761	-	-	-	-	12,761
Payable to Central Depository Company of Pakistan Limited - Trustee	516	-	-	-	-	516
Payable to Meezan Bank Limited	143	-	-	-	-	143
Payable against purchase of investments	14,269	-	-	-	-	14,269
Payable against redemption and conversion of units	11,551	-	-	-	-	11,551
Dividend payable	7,498	-	-	-	-	7,498
Accrued expenses and other liabilities	1,401	5,550	-	-	-	6,951
	48,139	5,550	-	-	-	53,689
<b>Net assets / (liabilities)</b>		823	140,053	876,717	448,181	2,216,432
						4,812,705

2020						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000'

**Financial assets**

Balances with banks	785,606	-	-	-	-	785,606
Investments	-	-	-	841,889	527,308	3,266,840
Receivable against conversion of units	4,245	-	-	-	-	4,245
Dividend receivable	605	-	-	-	-	605
Receivable against sale of investments	4,364	-	-	-	-	4,364
Advances, deposits and other receivables	24,291	6,468	5,461	-	2,800	39,020
	819,111	6,468	5,461	841,889	527,308	1,900,443

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company	5,473	-	-	-	-	5,473
Payable to Central Depository Company of Pakistan Limited - Trustee	458	-	-	-	-	458
Payable to Meezan Bank Limited	76	-	-	-	-	76
Payable against redemption and conversion of units	4,614	-	-	-	-	4,614
Payable against purchase of investments	4,740	-	-	-	-	4,740
Dividend payable	52,994	-	-	-	-	52,994
Accrued expenses and other liabilities	2,165	5,447	-	-	-	7,612
	70,520	5,447	-	-	-	75,967

**Net assets / (liabilities)**

	748,591	1,021	5,461	841,889	527,308	1,900,443	4,024,713
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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	1,116,066	1,116,066	785,606	785,606
Investments	3,653,901	951,818	3,266,840	1,037,402
Receivable against conversion of units	7,965	7,965	4,245	4,245
Dividend receivable	8,950	8,950	605	605
Receivable against sale of investments	3,217	3,217	4,364	4,364
Advances, deposits and other receivables	76,295	76,295	39,020	39,020
	4,866,394	2,164,311	4,100,680	1,871,242

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 investment in government securities of Rs. 496.523 million (2020: 331.795 million) are not exposed to credit risk as these are guaranteed by Government of Pakistan, and investment in equity securities of Rs. 2,205.56 million (2020: Rs. 1,897.643 million) are also not exposed to credit risk.

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

### 18.3.2 Credit quality of financial assets

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

	% of financial assets exposed to credit risk	
	2021	2020
AAA	5.76	5.67
AA+	2.08	7.56
AA	0.34	0.59
A+	19.94	86.18
A	71.88	-
	<u>100.00</u>	<u>100.00</u>

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

### 18.3.3 Concentration of credit risk

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

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

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

## 19 FAIR VALUE MEASUREMENT

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

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

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

### Fair value hierarchy

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

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

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

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

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

	2021		
	Level 1	Level 2	Level 3
	Rupees in '000'		
<b>Financial assets at fair value through profit or loss</b>			
Shares of listed companies - 'ordinary shares'	2,205,560	-	-
Sukuk certificates	-	1,448,341	-
	<u>2,205,560</u>	<u>1,448,341</u>	<u>-</u>

**Financial assets at fair value through profit or loss**

Shares of listed companies - 'ordinary shares'  
Sukuk certificates

2020		
Level 1	Level 2	Level 3
Rupees in '000'		
1,897,643	-	-
-	1,369,197	-
1,897,643	1,369,197	-

**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	4,735	2,129,227	45.18	4,466	1,899,260	48.51
Associated Companies / Directors	3	426,893	9.06	3	361,369	9.23
Insurance Companies	2	10,376	0.22	2	8,784	0.22
Banks and DFIs	-	-	-	1	20	0.00
Retirement Funds	55	1,161,539	24.64	57	988,466	25.24
Public Limited Companies	1	184,824	3.92	1	156,925	4.01
Others	42	800,278	16.98	40	500,737	12.79
	4,838	4,713,137	100.00%	4,570	3,915,561	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
Next Capital Limited	7%	JS Global Capital Limited	11%
Taurus Securities Limited	6%	Taurus Securities Limited	9%
Spectrum Securities (Private) Limited	6%	Topline Securities Limited	8%
Aba Ali Habib Securities (Private) Limited	5%	Foundation Securities (Private) Limited	7%
JS Global Capital Limited	5%	Aba Ali Habib Securities (Private) Limited	6%
KASB Securities (Private) Limited	5%	Insight Securities (Private) Limited	5%
Ismail Iqbal Securities (Private) Limited	5%	Next Capital Limited	5%
AKD Securities Limited	5%	Intermarket Securities Limited	5%
Insight Securities (Private) Limited	4%	AKD Securities Limited	5%
Intermarket Securities Limited	4%	Optimus Capital Management (Private)	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 :

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

## 24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

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

## 25 CORRESPONDING FIGURES

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

## 26 DATE OF AUTHORISATION FOR ISSUE

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

## 27 GENERAL

### 27.1 Impact of COVID-19

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

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

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

### 27.3 Subsequent events

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP. All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been incorporated in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.21 per unit (2020: Re 0.16 per unit).

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director





**Al Meezan**  
Investment Management Ltd.

# MEEZAN

## ASSET ALLOCATION FUND (MAAF)

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



# AGRICULTURE SECTOR RECORDED A REMARKABLE GROWTH OF



Source: Economic Survey 2020-21

# 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](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto: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)  
Bank Al Habib Limited - Islamic Banking  
Bank Islami Pakistan Limited  
Habib Metropolitan Bank Limited - Islamic Banking  
Meezan Bank Limited  
Dubai Islamic Bank Pakistan Limited

## LEGAL ADVISER

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

## TRANSFER AGENT

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Fax: (+9221) 35676143, 35630808  
Website: [www.almeezangroup.com](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto:info@almeezangroup.com)

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



## REPORT OF THE FUND MANAGER

### Meezan Asset Allocation Fund (MAAF)

#### Objective

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

#### Investment Policy and Strategy

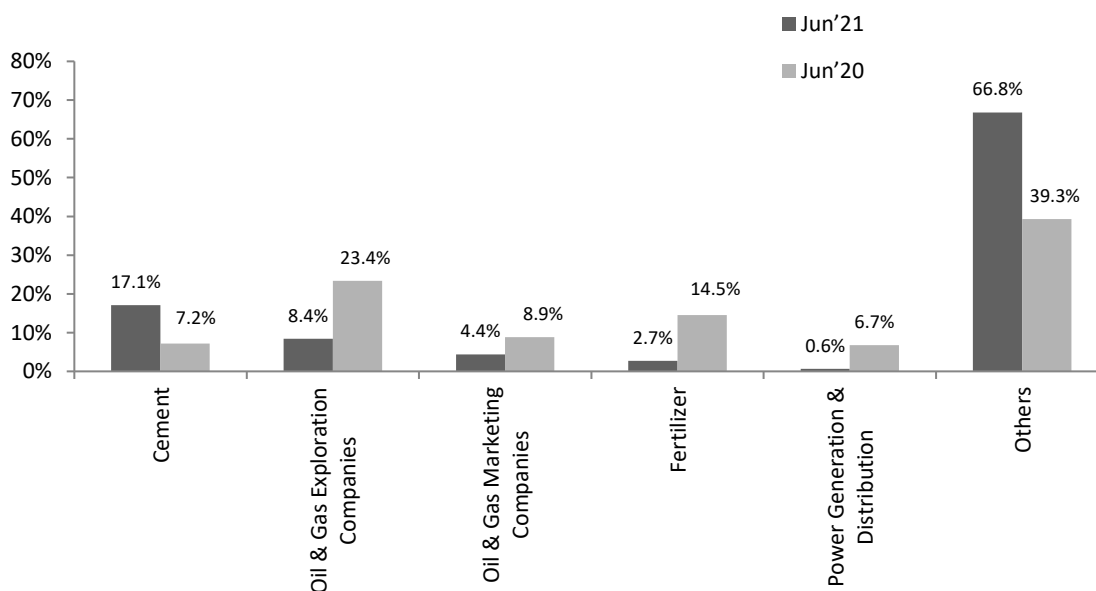
Based on the Fund Manager's outlook on asset classes, the allocation of the portfolio will actively be managed between the Equity asset classes and Fixed Income/Money Market asset classes in line with the macroeconomic view and outlook of such asset classes. For exposure to equities, this fund shall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

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

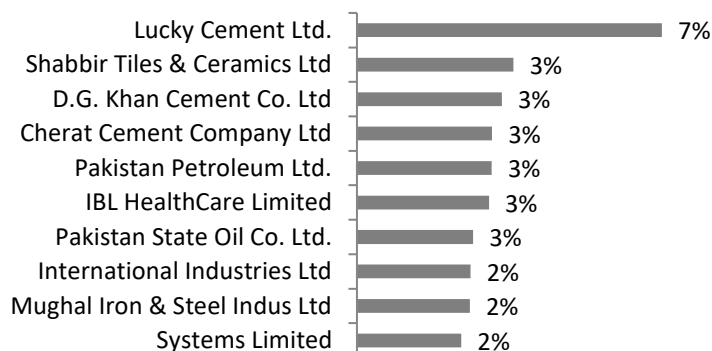
The fund manager looks to earn a higher than average return by actively managing the portfolio between equity and fixed income avenues in line with the movements of the stock market.

#### Asset Allocation

As on June 30, 2021, the fund's equity exposure was 83.45%, while 16.55% of the Net Assets was invested in bank deposits.



## Top Holdings



### Performance Review

During the fiscal year 2021, Meezan Asset Allocation Fund provided a positive return of 35.16% to its investors.

	MAAF	Benchmark
Net Asset Value as on June 30, 2020	36.59	54,995
Net Asset Value as on June 30, 2021	49.46	76,622
Return During the Period - Net	35.16%	33.53%
Under performance	1.63%	

**Benchmark: Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation**

Meezan Asset Allocation Fund posted a total Income of Rs. 514 million during FY21 as compared to total Income of Rs. 168 million last year. Total Income comprised of realized and unrealized Gain on investments of Rs. 251 million and Rs. 197 million respectively. Dividend income and profit on saving account with banks comprised of Rs. 53 million and 13 million respectively. After accounting for expenses of Rs. 60 million, the fund posted a net Income of Rs. 454 million. The net assets of the Fund as at June 30, 2021 were Rs. 1,672 million as compared to Rs. 1,339 million at the end of last year depicting an increase of 25%.

### 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. 1.2 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, 2021)

Range (Units)	No. of Investors
1 - 9,999	1,065
10,000 - 49,999	295
50,000 - 99,999	45
100,000 - 499,999	41
500,000 and above	10
<b>Total</b>	<b>1,456</b>

### Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
<b>Number</b>	1	1	0	0
<b>Percentage</b>		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](http://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 Asset Allocation 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 Asset Allocation Fund (MAAF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity

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

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

- i. We have reviewed and approved the modes of investments of MAAF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MAAF as on June 30, 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)	(ii)**	(iii)	(iv)	(v)	(vi)	
	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	
Lucky Cement Ltd.	Cement	26.58%	1.36%	2.46%	83.54%	(401.95)	
Shabbir Tiles & Ceramics	Glass & Ceramics	21.03%	15.12%	0.79%	76%	(10.53)	
D.G Khan Cement	Cement	33.14%	14.99%	0.86%	77%	(76.75)	





Cherat Cement Company	Cement	13.82%	3.49%	0.08%	89%	(92.88)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	14.34%	2.01%	31%	76.47	90.33
IBL Healthcare Ltd.	Pharmaceuticals	12.21%	0.00%	0.60%	54%	0.86	115.28
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.

- ii. On the basis of information provided by the management, all operations of MAAF 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 MAAF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

**Dr. Muhammad Imran Ashraf Usmani**

For and on behalf of Meezan Bank  
*Shari'ah* Advisor



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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ASSET ALLOCATION FUND**

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

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

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Meezan Asset Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 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	<b>Net Asset Value</b> (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2021 amounted to Rs 1,423.402 million and balances with banks aggregated to Rs 249.862 million.  The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> <li>Tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2021 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li> <li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> <li>Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

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





### Other Information

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

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

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

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

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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


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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

  
Chartered Accountants  
Karachi  
Date: September 15, 2021





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

	Note	2021	2020
		-----Rupees in 000-----	
<b>Assets</b>			
Balances with banks	5	249,862	245,253
Investments	6	1,423,402	1,127,264
Receivable against conversion of units		3,675	3,313
Receivable against sale of investments		8,132	3,462
Dividend receivable		640	2,711
Advances, deposits and other receivable	7	27,962	6,170
Preliminary expenses and floatation costs	8	-	145
<b>Total assets</b>		<b>1,713,673</b>	<b>1,388,318</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	9	4,504	3,404
Payable to Central Depository Company of Pakistan Limited - Trustee	10	241	191
Payable to the Securities and Exchange Commission of Pakistan (SECP)	11	310	311
Payable to Meezan Bank Limited		49	36
Payable against redemption and conversion of units		8,790	13,080
Payable against purchase of investments		128	3,294
Dividend payable		-	4,236
Accrued expenses and other liabilities	12	27,420	24,464
<b>Total liabilities</b>		<b>41,442</b>	<b>49,016</b>
<b>NET ASSETS</b>		<b>1,672,231</b>	<b>1,339,302</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,672,231</b>	<b>1,339,302</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>33,809,750</b>	<b>36,598,971</b>
		-----Rupees-----	
<b>NET ASSET VALUE PER UNIT</b>		<b>49.4600</b>	<b>36.5940</b>

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 ASSET ALLOCATION FUND**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021	2020
		----- Rupees in 000 -----	
<b>Income</b>			
Realised gain on sale of investments		251,150	27,779
Dividend income		53,033	60,417
Profit on balances with banks		12,751	29,228
		<u>316,934</u>	<u>117,424</u>
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	197,006	51,030
<b>Total income</b>		<u>513,940</u>	<u>168,454</u>
<b>Expenses</b>			
Remuneration of Al Meezan Investment Management Limited - Management Company	9.1	23,270	23,017
Sindh Sales Tax on remuneration of the Management Company	9.2	3,025	2,992
Allocated expenses	9.3	1,601	1,534
Selling and marketing expenses	9.4	9,176	6,138
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	2,551	2,535
Sindh Sales Tax on remuneration of the Trustee	10.2	332	330
Annual fees to the Securities and Exchange Commission of Pakistan (SECP)	11	310	311
Brokerage expense		7,692	3,118
Auditors' remuneration	14	312	309
Amortisation of preliminary expenses and floatation costs	8.1	145	181
Fee and subscription charges		571	565
Bank and settlement charges		729	743
Provision for Sindh Worker's Welfare Fund	12.3	9,260	2,499
Charity expense	12.1	1,244	1,720
<b>Total expenses</b>		<u>(60,218)</u>	<u>(45,992)</u>
<b>Net income for the year before taxation</b>		<u>453,722</u>	<u>122,462</u>
Taxation	16	-	-
<b>Net income for the year after taxation</b>		<u>453,722</u>	<u>122,462</u>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		453,722	122,462
Income already paid on units redeemed		(93,459)	(3,089)
		<u>360,263</u>	<u>119,373</u>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		360,263	78,809
- Excluding capital gains		-	40,564
		<u>360,263</u>	<u>119,373</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 ASSET ALLOCATION FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2021**



**Meezan**  
Asset Allocation Fund

	2021	2020
	----- Rupees in 000-----	
<b>Net income for the year after taxation</b>	453,722	122,462
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>453,722</u>	<u>122,462</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 ASSET ALLOCATION 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-----		
<b>Net assets at the beginning of the year</b>	2,270,614	(931,312)	1,339,302	2,862,681	(1,008,670)	1,854,011
Issuance of 28,576,702 units (2020: 7,360,281 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,045,736	-	1,045,736	260,795	-	260,795
- Element of income	259,752	-	259,752	16,347	-	16,347
Total proceeds on issuance of units	1,305,488	-	1,305,488	277,142	-	277,142
Redemption of 31,365,923 units (2020: 23,086,073 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,147,805	-	1,147,805	818,004	-	818,004
- Element of loss	185,017	93,459	278,476	51,205	3,089	54,294
Total payments on redemption of units	1,332,822	93,459	1,426,281	869,209	3,089	872,298
Total comprehensive income for the year	-	453,722	453,722	-	122,462	122,462
Distribution during the year	-	-	-	-	(42,015)	(42,015)
Net income for the year less distribution	-	453,722	453,722	-	80,447	80,447
<b>Net assets at the end of the year</b>	<u>2,243,280</u>	<u>(571,049)</u>	<u>1,672,231</u>	<u>2,270,614</u>	<u>(931,312)</u>	<u>1,339,302</u>
Accumulated losses brought forward						
- Realised loss		(982,342)			(593,083)	
- Unrealised income / (loss)		51,030			(415,587)	
		<u>(931,312)</u>			<u>(1,008,670)</u>	
<b>Accounting income available for distribution</b>						
- Relating to capital gains	360,263			78,809		
- Excluding capital gains	-			40,564		
	<u>360,263</u>			<u>119,373</u>		
Distribution during the year	-			(42,015)		
Accumulated losses carried forward	<u>(571,049)</u>			<u>(931,312)</u>		
<b>Accumulated losses carried forward</b>						
- Realised loss		(768,055)			(982,342)	
- Unrealised income		197,006			51,030	
		<u>(571,049)</u>			<u>(931,312)</u>	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
Net assets value per unit at the beginning of the year	<u>36.5940</u>			<u>35.4328</u>		
Net assets value per unit at the end of the year	<u>49.4600</u>			<u>36.5940</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 ASSET ALLOCATION FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2021**



**Meezan**  
Asset Allocation Fund

	Note	2021 (Rupees in '000)	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		453,722	122,462
<b>Adjustments for:</b>			
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(197,006)	(51,030)
Amortisation of preliminary expenses and floatation costs	8.1	145	181
		<u>256,861</u>	<u>71,613</u>
<b>(Decrease) / increase in assets</b>			
Investments - net		(99,132)	372,392
Receivable against sale of investments		(4,670)	(3,463)
Dividend receivable		2,071	2,577
Advances, deposits and other receivable		(21,792)	3,624
		<u>(123,523)</u>	<u>375,130</u>
<b>(Increase) / decrease in liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company		1,100	(1,510)
Payable to Central Depository Company of Pakistan Limited - Trustee		50	(342)
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(1)	(2,069)
Payable against purchase of investments		(3,166)	3,294
Payable to Meezan Bank Limited		13	1
Dividend payable		(4,236)	4,236
Accrued expenses and other liabilities		2,956	9,877
		<u>(3,284)</u>	<u>13,487</u>
<b>Net cash generated from operating activities</b>		<u>130,054</u>	<u>460,230</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		1,305,126	273,829
Payment against redemption and conversion of units		(1,430,571)	(868,330)
Dividend paid		-	(42,015)
<b>Net cash used in from financing activities</b>		<u>(125,445)</u>	<u>(636,516)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>4,609</u>	<u>(176,286)</u>
Cash and cash equivalents at the beginning of the year		245,253	421,539
<b>Cash and cash equivalents at the end of the year</b>	5	<u><u>249,862</u></u>	<u><u>245,253</u></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 ASSET ALLOCATION 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 Asset Allocation Fund was established under a trust deed executed between Al Meezan Investment Management Company (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed on November 25, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations). The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at Ground floor Block B, Finance Trade Centre (FTC), Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The objective of the Fund is to earn potentially high return through asset allocation between Shariah Compliant Equity Instruments, Shariah Compliant Fixed Income Instruments, Shariah Compliant Money Market Instruments and any other Shariah Compliant instruments as permitted by the SECP and the Shariah Advisor. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah Compliant Asset Allocation Scheme. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4** The Management Company has been assigned a quality rating of AM1 by VIS dated December 31, 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 (CDC) 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 the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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



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

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

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

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

### **3.4 Critical accounting estimates and judgments**

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

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

### **3.5 Accounting convention**

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

### **3.6 Functional and presentation currency**

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

## **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **4.2 Cash and cash equivalents**

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

### **4.3 Financial assets**

#### **4.3.1 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.

#### **c) Impairment loss on debt securities**

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

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

#### **4.3.3 Regular way contracts**

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

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

#### **4.11 Revenue recognition**

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

#### **4.12 Expenses**

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

#### **4.13 Preliminary expenses and floatation costs**

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

#### 4.14 Taxation

##### Current

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

##### Deferred

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

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be 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).

#### 4.15 Earnings / (loss) per unit

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

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

#### 4.16 Foreign currency translation

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

5	BALANCES WITH BANKS	Note	2021	2020
			----- Rupees in 000-----	
	Balances with banks in:			
	Savings accounts	5.1	247,213	241,399
	Current account		2,649	3,854
			<u>249,862</u>	<u>245,253</u>

- 5.1 These includes a balance of Rs. 56.325 million (2020: Rs. 20.861 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 7.32% per annum (2020: 1.5% to 7.50% per annum).

6	INVESTMENTS	Note	2021	2020
			----- Rupees in 000-----	
	Investment at 'fair value through profit or loss'			
	Listed equity securities	6.1	<u>1,423,402</u>	<u>1,127,264</u>

## 6.1 Investments in equity securities - listed

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus issue / 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 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 investments
									Number of shares		

### Sectors / companies

#### Automobile Assembler

Honda Atlas Cars (Pakistan) Limited	100	-	-	100	-	-	-	-	-	-	-
Indus Motor Company Limited	7,960	-	-	7,960	-	-	-	-	-	-	-
Millat Tractors Limited	2,000	25,100	2,513	7,000	22,612	19,961	24,412	4,451	1.46	0.04	1.72
Pak Suzuki Motor Company Limited	-	131,000	-	31,500	99,500	29,446	35,366	5,920	2.11	0.12	2.48
									<b>3.57</b>	<b>0.16</b>	<b>4.20</b>

#### Automobile Parts & Accessories

Agriauto Industries Limited (note 6.1.1)	40,000	-	-	40,000	-	-	-	-	-	-	-
Panther Tyres Limited	-	292,345	-	56,000	236,345	15,697	16,339	642	0.98	0.17	1.15
									<b>0.98</b>	<b>0.17</b>	<b>1.15</b>

#### Cable & Electrical Goods

Pak Elektron Limited	-	1,090,000	-	1,090,000	-	-	-	-	-	-	-
Waves Singer Pakistan Limited	-	135,000	67,500	135,000	67,500	1,013	1,840	827	0.11	0.04	0.13
									<b>0.11</b>	<b>0.04</b>	<b>0.13</b>

#### Cement

Attock Cement Pakistan Limited	-	81,200	-	76,300	4,900	905	881	(24)	0.05	-	0.06
Cherat Cement Company Limited	86,500	290,200	-	92,000	284,700	44,004	50,500	6,496	3.02	0.15	3.55
D.G. Khan Cement Company Limited	152,500	710,500	-	404,000	459,000	52,633	54,125	1,492	3.24	0.10	3.80
Fauji Cement Company Limited	199,500	1,755,000	-	1,634,500	320,000	7,794	7,360	(434)	0.44	0.02	0.52
Gharibwal Cement Limited	-	196,000	-	-	196,000	8,006	7,638	(368)	0.46	0.05	0.54
Kohat Cement Company Limited	238,000	73,800	-	186,500	125,300	19,822	25,873	6,051	1.55	0.06	1.82
Lucky Cement Limited	184,549	68,500	-	121,000	132,049	84,440	114,016	29,576	6.82	0.04	8.01
Maple Leaf Cement Factory Limited	375,707	1,682,000	-	1,380,000	677,707	27,912	31,839	3,927	1.90	0.06	2.24
Pioneer Cement Limited	500	-	-	500	-	-	-	-	-	-	-
Power Cement Limited	-	750,000	-	750,000	-	-	-	-	-	-	-
									<b>17.48</b>	<b>0.48</b>	<b>20.54</b>

#### Chemicals

Dynea Pakistan Limited (note 6.1.1)	-	108,900	-	28,000	80,900	16,680	17,879	1,199	1.07	0.43	1.26
Engro Polymer & Chemicals Limited	546,261	1,140,000	-	1,254,000	432,261	18,194	20,420	2,226	1.22	0.05	1.43
Ghani Global Holdings Limited	-	4,624,500	241,900	4,703,950	162,450	5,722	8,064	2,342	0.48	0.06	0.57
ICI Pakistan Limited	50,400	-	-	23,850	26,550	18,445	23,067	4,622	1.38	0.03	1.62
Ittehad Chemical Limited	100,000	207,500	-	307,500	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	400,000	-	400,000	-	-	-	-	-	-	-
Nimir Resins Limited (note 6.1.1)	-	2,414,000	-	2,336,000	78,000	944	1,572	628	0.09	0.03	0.11
Sitara Chemical Limited	-	19,500	-	-	19,500	7,314	6,864	(450)	0.41	0.09	0.48
Sitara Peroxide Limited	149,000	-	-	149,000	-	-	-	-	-	-	-
									<b>4.65</b>	<b>0.69</b>	<b>5.47</b>

#### Commercial Banks

Meezan Bank Limited (an associate of the Fund)	553,446	117,016	55,345	397,982	327,825	23,815	37,834	14,019	2.26	0.02	2.66
BankIslami Pakistan Limited	170,000	1,656,000	-	968,500	857,500	10,673	9,638	(1,035)	0.58	0.08	0.68
									<b>2.84</b>	<b>0.10</b>	<b>3.34</b>

#### Engineering

Agha Steel Industries Limited	-	1,302,000	-	1,041,000	261,000	9,521	8,804	(717)	0.53	0.05	0.62
Aisha Steel Limited	-	285,000	-	-	285,000	7,591	7,099	(492)	0.42	0.04	0.50
International Industries Limited	68,200	479,000	-	346,000	201,200	40,159	42,457	2,298	2.54	0.15	2.98
International Steels Limited	125,000	465,000	-	293,000	297,000	24,263	27,743	3,480	1.66	0.07	1.95
Ittefaq Iron Industries Limited	-	1,165,000	-	250,000	915,000	18,481	17,339	(1,142)	1.04	0.63	1.22
Mughal Iron and Steel Industries Limited	-	1,051,500	127,520	775,000	404,020	33,796	42,180	8,384	2.52	0.14	2.96
									<b>8.71</b>	<b>1.08</b>	<b>10.23</b>

#### Fertilizer

Engro Corporation Limited	400,460	95,871	-	390,844	105,487	31,551	31,078	(473)	1.86	0.02	2.18
Engro Fertilizers Limited	782,000	733,348	-	1,287,000	228,348	15,347	16,046	699	0.96	0.02	1.13
Fatima Fertilizer Limited	52,500	-	-	52,500	-	-	-	-	-	-	-
									<b>2.82</b>	<b>0.04</b>	<b>3.31</b>



Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus issue / 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 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 investm ents
Number of shares						(Rupees in '000)			%		
Food And Personal Care Products											
Al - Shaheer Corporation Limited	5,199	-	2,505	-	7,704	85	154	69	0.01	-	0.01
At-Tahur Limited	-	370,000	-	370,000	-	-	-	-	-	-	-
The Organic Meat Company Limited	-	430,000	-	430,000	-	-	-	-	-	-	-
Unity Foods Limited	-	2,736,000	-	2,225,000	511,000	17,491	22,750	5,259	1.36	0.05	1.60
									1.37	0.05	1.61
Glass and Ceramics											
Ghani Global Glass Limited	-	850,000	1,050,000	1,900,000	-	-	-	-	-	-	-
Shabbir Tiles and Ceramics Limited (note 6.1.1)	-	2,150,500	-	397,500	1,753,000	39,739	58,463	18,724	3.50	0.54	4.11
Tariq Glass Industries Limited	-	76,500	-	-	76,500	7,580	8,138	558	0.49	0.06	0.57
									3.99	0.60	4.68
Leather & Tanneries											
Service Global Footwear Limited	-	79,505	-	-	79,505	4,230	4,598	368	0.27	0.04	0.32
									0.27	0.04	0.32
Miscellaneous											
Shifa International Hospital Limited	-	14,000	-	14,000	-	-	-	-	-	-	-
Siddiqsons Tin Plate Limited	-	957,500	-	957,500	-	-	-	-	-	-	-
Synthetic Products Enterprises Limited	-	90,000	4,050	94,050	-	-	-	-	-	-	-
									-	-	-
Oil And Gas Exploration Companies											
Mari Petroleum Company Limited	91,552	-	-	69,860	21,692	26,825	33,067	6,242	1.98	0.02	2.32
Oil and Gas Development Company Limited	945,300	535,500	-	1,124,150	356,650	35,165	33,892	(1,273)	2.03	0.01	2.38
Pakistan Oilfields Limited	150,550	52,372	-	136,255	66,667	24,823	26,257	1,434	1.57	0.02	1.84
Pakistan Petroleum Limited	856,428	633,000	-	909,000	580,428	51,170	50,399	(771)	3.01	0.02	3.54
									8.59	0.07	10.08
Oil And Gas Marketing Companies											
Attock Petroleum Limited	25,000	-	-	25,000	-	-	-	-	-	-	-
Hascol Petroleum Limited	1,555,610	200,000	-	1,755,610	-	-	-	-	-	-	-
Hi-Tech Lubricants Limited	50,000	435,000	-	485,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	275,477	203,000	-	284,616	193,861	40,217	43,473	3,256	2.60	0.04	3.05
Shell Pakistan Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	423,400	865,500	-	647,500	641,400	28,746	31,159	2,413	1.86	0.10	2.19
									4.46	0.14	5.24
Paper and Board											
Century Paper & Board Mills Limited	68,000	305,500	20,600	90,000	304,100	29,185	37,121	7,936	2.22	0.17	2.61
Packages Limited	52,150	4,000	-	11,050	45,100	15,833	24,589	8,756	1.47	0.05	1.73
Roshan Packages Limited	100,000	301,500	-	201,500	200,000	6,703	6,588	(115)	0.39	0.14	0.46
Security Paper Limited	-	90,500	-	-	90,500	16,533	13,084	(3,449)	0.78	0.15	0.92
									4.86	0.51	5.72
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	50	-	-	-	50	33	40	7	-	-	-
AGP Limited	302,500	26,500	-	192,900	136,100	14,951	15,969	1,018	0.95	0.05	1.12
Ferozsons Laboratories Limited	-	50,800	-	12,500	38,300	12,187	13,513	1,326	0.81	0.11	0.95
GlaxoSmithKline Consumer Healthcare Pakistan Limited	31,900	-	-	9,800	22,100	6,004	5,527	(477)	0.33	0.02	0.39
IBL Healthcare Limited	-	444,000	-	-	444,000	47,753	49,342	1,589	2.95	0.82	3.47
The Searle Company Limited	95,849	149,632	18,180	121,000	142,661	33,833	34,612	779	2.07	0.06	2.43
									7.11	1.06	8.36
Power Generation And Distribution											
K-Electric Limited (note 6.1.1)	4,179,500	1,000,000	-	2,600,000	2,579,500	8,815	10,782	1,967	0.64	0.01	0.76
The Hub Pow er Company Limited	1,178,797	855,000	-	2,033,000	797	68	63	(5)	-	-	-
									0.64	0.01	0.76
Refinery											
Attock Refinery Limited	-	603,000	-	513,000	90,000	22,297	23,081	784	1.38	0.08	1.62
Byco Petroleum Pakistan Limited	-	2,630,000	-	40,000	2,590,000	28,902	30,070	1,168	1.80	0.05	2.11
National Refinery Limited	-	20,000	-	20,000	-	-	-	-	-	-	-
									3.18	0.13	3.73

Name of the investee company	As at July 1, 2020	Purchases during the year	Bonus issue / 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 gain / (loss) as at June 30, 2021	Percentage in relation to		
									Net	Paid up capital	Total
									assets of the Fund	of investee company (with face value of investment)	market value of investm ents
----- Number of shares -----						(Rupees in '000)			----- % -----		
<b>Technology and Communication</b>											
Avanceon Limited	110,000	722,500	64,900	473,000	424,400	28,905	38,909	10,004	2.33	0.17	2.73
Netsol Technologies Limited	-	65,000	-	65,000	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	750,000	-	750,000	-	-	-	-	-	-	-
Systems Limited	79,200	12,400	6,330	28,300	69,630	13,022	39,008	25,986	2.33	0.05	2.74
WorldCall Telecom Limited	-	3,850,000	-	800,000	3,050,000	11,399	12,078	679	0.72	0.17	0.85
									5.38	0.39	6.32
<b>Textile Composite</b>											
Feroze1888 Mills Limited	134,500	31,500	-	106,000	60,000	5,449	6,031	582	0.36	0.02	0.42
Interloop Limited	492,712	50,000	-	145,000	397,712	18,239	27,852	9,613	1.67	0.05	1.96
Kohinoor Textile Mills Limited	-	234,000	-	20,000	214,000	16,308	16,093	(215)	0.96	0.07	1.13
Nishat Mills Limited	141,000	347,000	-	290,500	197,500	19,777	18,427	(1,350)	1.10	0.06	1.30
									4.09	0.20	4.81
<b>Total as at June 30, 2021</b>						<b>1,226,396</b>	<b>1,423,402</b>	<b>197,006</b>			
<b>Total as at June 30, 2020</b>						<b>1,076,234</b>	<b>1,127,264</b>	<b>51,030</b>			

- 6.1.1** All shares have a nominal value of Rs 10 each except for the shares of Agriauto Industries Limited, Dynea Pakistan Limited, Nimir Resins 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** Investments include 60,000 shares of Engro Corporation Limited, 10,000 shares of Millat Tractors Limited, 100,000 shares of Oil and Gas Development Company Limited, having market value of Rs 17.676 million, Rs. 10.796 million and Rs. 9.503 million respectively as at June 30, 2021 (June 30, 2020: 105,000 shares of Engro Corporation Limited having market value of Rs 30.756 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 are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a 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 market value of bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs 1.99 million (June 30, 2020: Rs 1.45 million).

	Note	2021 ----- Rupees in 000-----	2020
<b>6.2 Unrealised appreciation on re-measurement of investments classified as Financial assets at fair value through profit or loss</b>			
Market value of investments	6.1	1,423,402	1,127,264
Carrying value of investments	6.1	(1,226,396)	(1,076,234)
		<u>197,006</u>	<u>51,030</u>

## 7 ADVANCES, DEPOSITS AND OTHER RECEIVABLE

Security deposit with Central Depository Company of Pakistan Limited		100	100
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Profit receivable on saving accounts with banks		745	1,100
Advance against Initial Public Offer	7.1	22,148	-
Advance tax	7.2	2,469	2,470
		<u>27,962</u>	<u>6,170</u>

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

7.2 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during the year ended June 30, 2021, withholding tax on dividend paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends amounts to Rs. 2.470 million.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. 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.

	Note	2021 -----Rupees in 000-----	2020
<b>8 PRELIMINARY EXPENSES AND FLOATATION COSTS</b>			
At the beginning of the year		145	326
Amortisation during the year	8.1	(145)	(181)
At the end of the year		<u>-</u>	<u>145</u>

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

9	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED- MANAGEMENT COMPANY	Note	2021 -----Rupees in 000-----	2020
	Remuneration payable	9.1	137	1,667
	Sindh Sales Tax on remuneration payable to the Management Company	9.2	18	217
	Allocated expenses payable	9.3	152	111
	Sales load payable		182	86
	Sindh Sales Tax Payable on sales load		24	12
	Selling and marketing expenses payable	9.4	3,991	1,311
			<u>4,504</u>	<u>3,404</u>

**9.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1.5% (2020:1.5%) 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.

**9.2** During the year, an amount of Rs 3.025 million (2020: Rs 2.992 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. 3.224 million (2020: 3.085 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, 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). The Asset Management Company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan.

Accordingly, the Management Company based on its own discretion has charged selling and marketing expenses to the Fund at the following rates:

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

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2021 -----Rupees in 000-----	2020
	Trustee fee payable	10.1	213	169
	Sindh Sales Tax payable on trustee fee	10.2	28	22
			<u>241</u>	<u>191</u>

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

On net assets:

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

**10.2** During the year, an amount of Rs 0.332 million (2020: Rs 0.330 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. 0.326 million (2020: Rs.0.369 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 Asset Allocation 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
	Brokerage payable		1,675	2,416
	Shariah advisor fee payable		269	266
	Charity payable	12.1	1,997	2,753
	Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration to the Management Company	12.2	482	482
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load		145	145
	Withholding tax payable		177	5,373
	Capital gain tax payable		595	255
	Provision for Sindh Workers' Welfare Fund	12.3	21,839	12,579
	Zakat payable		46	-
			<u>27,420</u>	<u>24,464</u>

- 12.1 According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. Accordingly, during the year ended June 30, 2021, Shariah non-compliant income amounting to Rs. 1.244 million (2020: Rs. 1.720 million) was charged as charity expense and Rs 2.0 million was disbursed to following charitable / welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	National Institute of Blood Diseases	500
2	Shaukat Khanum Memorial Cancer Hospital & Research Centre	1,500
	<b>Total</b>	<u>2,000</u>

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 0.627 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.02 (June 30, 2020: Re.0.02) per unit.

- 12.3** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made 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. 0.34 per unit).

### 13 CONTINGENCIES AND COMMITMENTS

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

	2021	2020
	-----Rupees in 000-----	
<b>14 AUDITORS' REMUNERATION</b>		
Annual audit fee	212	212
Half yearly review fee	81	81
Out of pocket expenses	19	16
	<u>312</u>	<u>309</u>

### 15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 3.88% (2020: 3%) which includes 0.89% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Asset Allocation scheme.

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

Transactions with connected persons / 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 / related parties. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

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

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

<b>Balances</b>	<b>2021</b>	<b>2020</b>
	<b>-----Rupees '000-----</b>	
<b>AI Meezan Investment Management Company (Management Company)</b>		
Remuneration payable to the Management Company	137	1,667
Sindh Sales Tax payable on remuneration of the Management Company	18	217
Sales load payable	182	86
Sindh Sales Tax on sales load	24	12
Allocated expenses	152	111
Selling and marketing expenses payable	3,991	1,311
<b>Central Depository Company Pakistan Limited (Trustee)</b>		
Remuneration payable to the Trustee	213	169
Sindh Sales Tax on remuneration of the Trustee	28	22
Deposits	100	100
<b>Meezan Bank Limited</b>		
Sales load payable	43	32
Sindh Sales tax on sales load payable	6	4
Bank balance	56,325	20,861
Profit receivable on savings account	84	52
Outstanding 327,825 shares (2020: 553,446 shares)	37,834	38,105
Shariah Advisor fee payable	269	266
<b>Directors and their close family members and key management personnel of the Management Company</b>		
Investment of 991,743 units (2020: 329,538 units)	49,052	12,059
<b>Unit holders holding 10% or more of units of the Fund</b>		
Investment of 3,520,814 units (June 30, 2020: Nil units)	174,139	-
<b>Transactions during the year</b>	<b>For the year ended June 30,</b>	<b>2021 2020</b>
	<b>(Rupees in '000)</b>	
<b>AI Meezan Investment Management Company (Management Company)</b>		
Remuneration to the Management Company	23,270	23,017
Sindh Sales Tax on remuneration of the Management Company	3,025	2,992
Allocated expenses	1,601	1,534
Selling and marketing expenses	9,176	6,138
<b>Central Depository Company Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	2,551	2,535
Sindh Sales Tax on remuneration of the Trustee	332	330
CDS charges	198	93

**For the year ended June 30,**
**Transactions during the year**
**Meezan Bank Limited**

	2021	2020
	(Rupees in '000)	
Profit on savings account	949	6,910
Purchase of 117,016 shares (2020: 150,000 shares)	50,670	9,925
Bonus of 55,345 shares (2020: nil shares )	-	-
Sale 397,982 shares (2020: 125,000 shares)	81,217	9,200
Dividend income	4,360	2,139
Shariah Advisor fee	543	538

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

Issue of 4,150,092 units (2020: 956,394 units)	190,706	34,134
Redemption of 3,486,701 units (2020: 657,097 units)	159,387	23,725
Dividend paid	-	89
Refund of capital	-	287

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

**18 FINANCIAL INSTRUMENTS BY CATEGORY**
**Financial assets**

	2021		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Balances with banks	249,862	-	249,862
Investments	-	1,423,402	1,423,402
Receivable against conversion of units	3,675	-	3,675
Receivable against sale of investments	8,132	-	8,132
Dividend receivable	640	-	640
Advances, deposits and other receivable	25,493	-	25,493
	287,802	1,423,402	1,711,204

**Financial liabilities**

	2021		
	At fair value through profit or loss	At amortised cost	Total
	Rupees in '000		
Payable to Al Meezan Investment Management Company- Management Company	-	4,504	4,504
Payable to Central Depository Company Of Pakistan Limited- Trustee	-	241	241
Payable against redemption and conversion of units	-	8,790	8,790
Payable against purchase of investments	-	128	128
Payable to Meezan Bank Limited	-	49	49
Dividend payable	-	-	-
Accrued expenses and other liabilities	-	4,136	4,136
	-	17,848	17,848
<b>Net Assets / (liabilities)</b>	<b>287,802</b>	<b>1,405,554</b>	<b>1,693,356</b>



**Financial assets**

Balances with banks	245,253	-	245,253
Investments	-	1,127,264	1,127,264
Receivable against sale of investments	3,462	-	3,462
Receivable against conversion of units	3,313	-	3,313
Dividend receivable	2,711	-	2,711
Advances, deposits and other receivable	3,700	-	3,700
	<u>258,439</u>	<u>1,127,264</u>	<u>1,385,703</u>

**Financial liabilities**

Payable to Al Meezan Investment Management Company- Management Company	-	3,404	3,404
Payable to Central Depository Company Of Pakistan Limited - Trustee	-	191	191
Payable against redemption and conversion of units	-	13,080	13,080
Payable against purchase of investments	-	3,294	3,294
Payable to Meezan Bank Limited	-	36	36
Dividend payable	-	4,236	4,236
Accrued expenses and other liabilities	-	5,629	5,629
	-	29,870	29,870
<b>Net Assets / (liabilities)</b>	<b>258,439</b>	<b>1,097,394</b>	<b>1,355,833</b>

**19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

**19.1 Market risk**

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

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

Market risk comprises of three types of risks: 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. 2.47 million (2020: Rs. 2.41 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, profit rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

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

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

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

**Financial assets**

Balances with banks	2.24% to 7.32%	247,213	-	-	2,649	249,862
Investments		-	-	-	1,423,402	1,423,402
Receivable against conversion of units		-	-	-	3,675	3,675
Dividend receivable		-	-	-	640	640
Receivable against sale of investments		-	-	-	8,132	8,132
Advances, deposits and other receivable		-	-	-	25,493	25,493
		247,213	-	-	1,463,991	1,711,204

**Financial liabilities**

Payable to Al Meezan Asset Management Company - Management Company		-	-	-	4,504	4,504
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	241	241
Payable against redemption and conversion of units		-	-	-	8,790	8,790
Payable against purchase of investments		-	-	-	128	128
Payable to Meezan bank Limited		-	-	-	49	49
Dividend payable		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	4,136	4,136
		-	-	-	17,848	17,848

**On-balance sheet gap (a)**

247,213	-	-	1,446,143	1,693,356
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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)**

247,213	-	-
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**Cumulative profit rate sensitivity gap**

247,213	247,213	247,213
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2020					
Effective Yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

Rupees in 000

#### Financial assets

Balances with banks	1.5% - 7.5%	241,399	-	-	3,854	245,253
Investments		-	-	-	1,127,264	1,127,264
Receivable against conversion of units		-	-	-	3,313	3,313
Dividend receivable		-	-	-	2,711	2,711
Receivable against sale of investments		-	-	-	3,462	3,462
Advances, deposits and other receivable		-	-	-	3,700	3,700
		241,399	-	-	1,144,305	1,385,703

#### Financial liabilities

Payable to Al Meezan Asset Management Company - Management Company		-	-	-	3,404	3,404
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	191	191
Payable against redemption and conversion of units		-	-	-	13,080	13,080
Payable against purchase of investments		-	-	-	3,294	3,294
Payable to Meezan bank Limited		-	-	-	36	36
Dividend payable		-	-	-	4,236	4,236
Accrued expenses and other liabilities		-	-	-	5,629	5,629
		-	-	-	29,870	29,870

#### On-balance sheet gap (a)

241,399	-	-	1,114,434	1,355,833
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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)

241,399	-	-		
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#### Cumulative profit rate sensitivity gap

241,399	241,399	241,399		
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#### (ii) Currency risk

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

#### (iii) Price risk

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

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

In case of 1% increase / decrease in 30 KSE index on June 30, 2021, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 14.234 million (2020: Rs. 11.273 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 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	249,862	-	-	-	-	-	249,862
Investments	-	-	-	-	-	1,423,402	1,423,402
Receivable against conversion of units	3,675	-	-	-	-	-	3,675
Receivable against sale of investments	8,132	-	-	-	-	-	8,132
Dividend receivable	640	-	-	-	-	-	640
Advances, deposits and other receivable	25,493	-	-	-	-	-	25,493
	287,802	-	-	-	-	1,423,402	1,711,204

### Financial liabilities

Payable to Al Meezan Management Company Limited- Management Company	4,504	-	-	-	-	-	4,504
Payable to Central Depository Company of Pakistan Limited - Trustee	241	-	-	-	-	-	241
Payable against redemption and conversion of units	8,790	-	-	-	-	-	8,790
Payable against purchase of investments	128	-	-	-	-	-	128
Accrued expenses and other liabilities	1,675	2,461	-	-	-	-	4,136
Dividend payable	-	-	-	-	-	-	-
Payable to Meezan bank Limited	49	-	-	-	-	-	49
	15,387	2,461	-	-	-	-	17,848

### Net assets / (liabilities)

	272,415	(2,461)	-	-	-	1,423,402	1,693,356
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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

Investments

Receivable against conversion of units

Receivable against sale of investments

Dividend receivable

Advances, deposits and other receivable

245,253	-	-	-	-	-	245,253
-	-	-	-	-	1,127,264	1,127,264
3,313	-	-	-	-	-	3,313
3,462	-	-	-	-	-	3,462
2,711	-	-	-	-	-	2,711
3,700	-	-	-	-	-	3,700
258,439	-	-	-	-	1,127,264	1,385,703

#### Financial liabilities

Payable to Al Meezan Investment Management

Company - 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

Dividend payable

Payable to Meezan bank Limited

3,404	-	-	-	-	-	3,404
191	-	-	-	-	-	191
13,080	-	-	-	-	-	13,080
3,294	-	-	-	-	-	3,294
2,416	3,214	-	-	-	-	5,629
4,236	-	-	-	-	-	4,236
36	-	-	-	-	-	36
26,657	3,214	-	-	-	-	29,870

#### Net assets / (liabilities)

231,783	(3,214)	-	-	-	1,127,264	1,355,833
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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	249,862	249,862	245,253	245,253
Investments	1,423,402	-	1,127,264	-
Receivable against conversion of units	3,675	3,675	3,313	3,313
Receivable against sale of investments	8,132	8,132	3,462	3,462
Dividend receivable	640	640	2,711	2,711
Advances, deposits and other receivable	25,493	25,493	3,700	3,700
	1,711,204	287,802	1,385,703	258,439

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs. 1.423 million (2020: Rs. 1.127 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 mark-up accrued thereon, dividend receivable and receivable against sale of units and against investments.

	2021 (Percentage)	2020
AAA	22.55	-
AA+	19.07	36.98
AA	0.35	0.19
A+	58.03	62.83
	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:

### Financial assets 'at fair value through profit or loss'

Shares of listed companies - 'ordinary shares'

2021		
Level 1	Level 2	Level 3
(Rupees in 000')		

1,423,402	-	-
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### Financial assets 'at fair value through profit or loss'

Shares of listed companies - 'ordinary shares'

2020		
Level 1	Level 2	Level 3
(Rupees in 000')		

1,127,264	-	-
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## 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	Percentage of total (%)	Number of unit holders	Investment amount	Percentage of total (%)
	(Rupees in 000')			(Rupees in 000')		
Individuals	1,422	941,100	56.28	1,445	757,807	56.58
Private Companies	6	206,571	12.35	9	165,828	12.38
Retirement Funds	23	454,663	27.19	25	331,563	24.76
Others	5	69,897	4.18	6	84,104	6.28
	1,456	1,672,231	100.00%	1,485	1,339,302	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
Spectrum Securities (Private) Limited	10.67%	Foundation Securities (Private) Limited	14.56%
Insight Securities (Private) Limited	6.58%	Aba Ali Habib Securities (Private) Limited	8.09%
Taurus Securities Limited	5.31%	Insight Securities (Private) Limited	7.90%
Aba Ali Habib Securities (Private) Limited	5.21%	AKD Securities Limited	7.78%
AKD Securities Limited	5.07%	Top Line Securities (Private) Limited	7.17%
Optimus Capital Management (Private) Limited	5.00%	Taurus Securities Limited	7.15%
Darson Securities Limited	4.75%	JS Global Capital Limited	7.15%
Intermarket Securities Limited	4.54%	Fortune Securities Limited	5.65%
KASB Securities (Private) Limited	4.49%	Optimus Capital Management Limited	4.49%
Ismail Iqbal Securities (Private) Limited	4.40%	Ismail Iqbal Securities (Private) Limited	4.34%

## 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 Equity	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	Head of Research	CFA / MBA (in progress)	Ten years

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

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

## 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 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

## 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. 0.65 per unit (2020: Re 0.34 per unit).

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

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**Chief Executive**

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**Chief Financial Officer**

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**Director**