



**Al Meezan**  
Investment Management Ltd.

# MEEZAN ISLAMIC FUND (MIF)

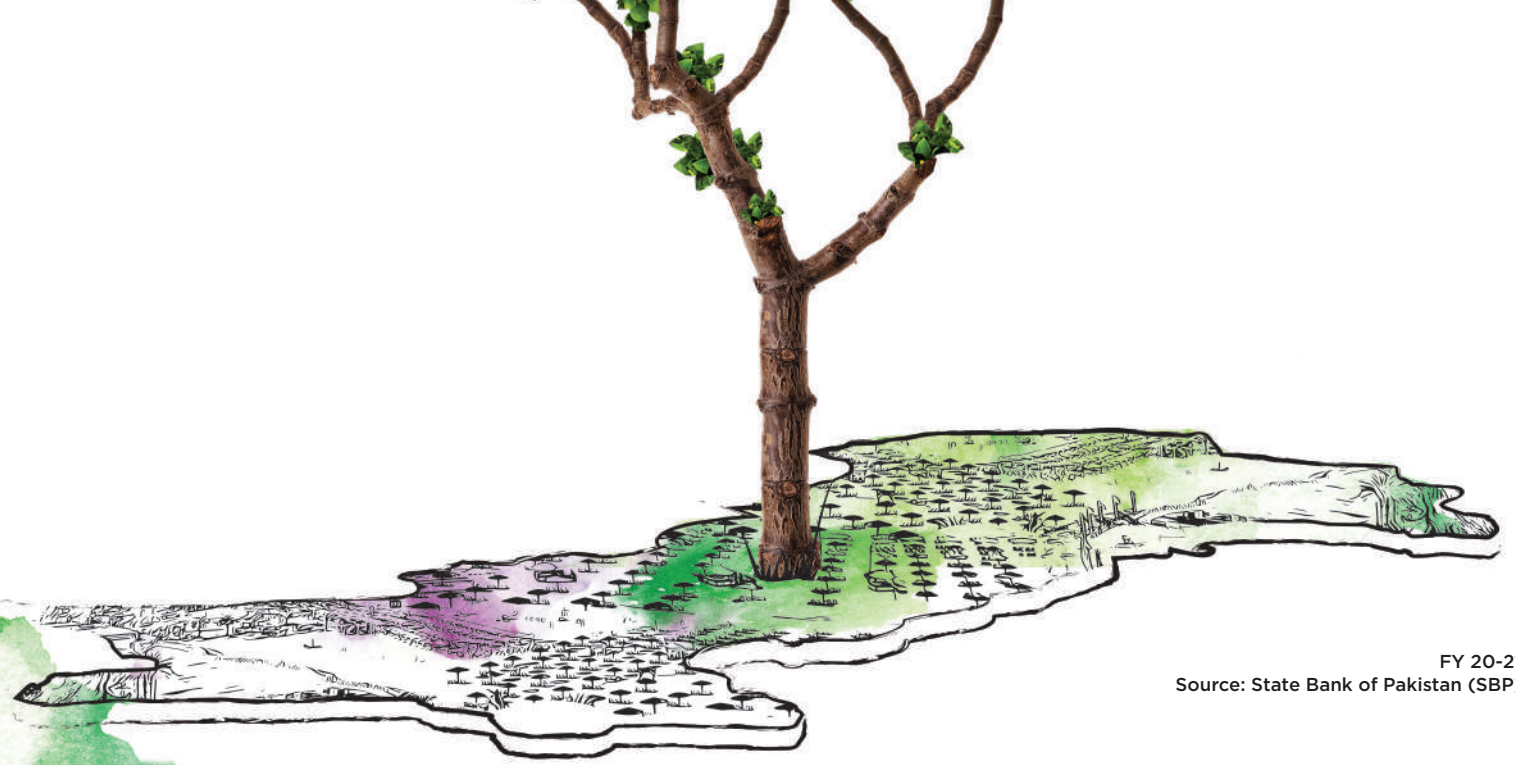
Meezan Islamic Fund seeks to optimize total investor returns by investing in Shariah Compliant equities focusing on both capital gains and dividend income.



# PHENOMENAL **GROWTH** IN FOREIGN REMITTANCES

BY

27.0%





# FUND INFORMATION

## MANAGEMENT COMPANY

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

## COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Salman Muslim

## CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Shahid Ojha

## AUDIT COMMITTEE

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

## RISK MANAGEMENT COMMITTEE

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

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## TRUSTEE

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

## AUDITORS

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

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

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

## LEGAL ADVISER

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

**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ISLAMIC FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 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, February 23, 2022





**REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Islamic Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2021. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

*A.F. Ferguson & Co.*

A.F. Ferguson & Co.  
Chartered Accountants  
Engagement Partner: **Khattab Muhammad Akhi Baig**  
Date: February 26, 2022  
Karachi



**MEEZAN ISLAMIC FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT DECEMBER 31, 2021**

		<b>December 31, 2021 (Unaudited)</b>	<b>June 30, 2021 (Audited)</b>
	<b>Note</b>	<b>(Rupees in '000)</b>	
<b>Assets</b>			
Balances with banks	5	1,759,713	2,061,391
Investments	6	29,268,889	32,886,340
Receivable against sale of investments		26,489	34,569
Receivable against conversion of units		31,248	145,285
Dividend receivable		7,079	84,683
Deposits, prepayments and other receivables		12,090	189,717
<b>Total assets</b>		<b>31,105,508</b>	<b>35,401,985</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	7	112,397	92,487
Payable to Central Depository Company of Pakistan Limited - Trustee		3,011	3,314
Payable to Meezan Bank Limited		328	1,035
Payable to the Securities and Exchange Commission of Pakistan		3,322	6,201
Payable against redemption and conversion of units		81,051	85,604
Payable against purchase of investments		101,437	70,503
Accrued expenses and other liabilities	8	325,067	868,818
<b>Total liabilities</b>		<b>626,613</b>	<b>1,127,962</b>
<b>Net assets</b>		<b>30,478,895</b>	<b>34,274,023</b>
<b>Contingencies and commitments</b>	9		
<b>Unit holders' funds (as per statement attached)</b>		<b>30,478,895</b>	<b>34,274,023</b>
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>495,538,085</b>	<b>540,803,980</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>61.5067</b>	<b>63.3761</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director



**MEEZAN ISLAMIC FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

		Six months period ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
	Note	(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised (loss) / gain on sale of investments		(332,045)	595,135	(403,233)	345,343
Dividend income		1,056,059	645,380	604,486	489,216
Profit on saving accounts with banks		59,169	57,868	26,692	27,623
		783,183	1,298,383	227,945	862,182
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1	(1,630,410)	5,649,479	(11,245)	1,570,114
<b>Total (loss) / income</b>		(847,227)	6,947,862	216,700	2,432,296
<b>Expenses</b>					
Remuneration of Al Meezan Investment Management Limited					
- Management Company	7.1	332,205	291,590	158,794	147,418
Sindh Sales Tax on management fee		43,187	37,907	20,644	19,165
Allocated expenses	7.2	18,271	14,579	8,733	7,370
Selling and marketing expense	7.3	166,103	58,318	79,398	29,484
Remuneration of Central Depository Company of Pakistan Limited					
- Trustee		17,114	15,084	8,191	7,623
Sindh Sales Tax on remuneration of the Trustee		2,225	1,961	1,065	991
Annual fee to the Securities and Exchange Commission of Pakistan		3,322	2,916	1,588	1,474
Auditors' remuneration		527	381	261	159
Charity expense		26,393	19,714	13,038	15,129
Fees and subscription		1,871	1,327	935	659
Legal and professional charges		698	-	514	-
Brokerage expense		20,312	24,972	7,704	15,081
Bank and settlement charges		1,690	1,786	613	862
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	8.1	(525,426)	129,547	-	43,738
<b>Total expenses</b>		108,492	600,082	301,478	289,153
<b>Net (loss) / income for the period before taxation</b>		(955,719)	6,347,780	(84,778)	2,143,143
Taxation	13	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		(955,719)	6,347,780	(84,778)	2,143,143
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		-	6,347,780		
Income already paid on units redeemed		-	(883,172)		
		-	5,464,608		
<b>Accounting income available for distribution</b>					
- Relating to capital gains		-	5,464,608		
- Excluding capital gains		-	-		
		-	5,464,608		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

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



**MEEZAN ISLAMIC FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

	<u>Six months period ended,</u> <u>December 31,</u>		<u>Quarter ended,</u> <u>December 31,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>(Rupees in '000)</u>		<u>(Rupees in '000)</u>	
<b>Net (loss) / income for the period after taxation</b>	(955,719)	6,347,780	(84,778)	2,143,143
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(955,719)</u>	<u>6,347,780</u>	<u>(84,778)</u>	<u>2,143,143</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

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



**MEEZAN ISLAMIC FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	2021				2020			
	Capital value	Undistributed income	Over distribution	Total	Capital value	(Accumulated loss) / Undistributed income	Over distribution	Total
	Rupees in '000				Rupees in '000			
<b>Net assets at the beginning of the period</b>	30,603,590	3,670,433	-	34,274,023	26,641,970	(1,860,387)	(709,398)	24,072,185
Issue of 249,435,577 units (December 31, 2020: 371,496,095 units)								
- Capital value (at net asset value per unit at the beginning of the period)	15,808,254	-	-	15,808,254	17,375,244	-	-	17,375,244
- Element of income	14,891	-	-	14,891	2,943,074	-	-	2,943,074
Total proceeds on issuance of units	15,823,145	-	-	15,823,145	20,318,318	-	-	20,318,318
Redemption of 294,701,472 units (December 31, 2020: 362,629,234 units)								
- Capital value (at net asset value per unit at the beginning of the period)	18,677,030	-	-	18,677,030	16,960,532	-	-	16,960,532
- Element of loss	(14,476)	-	-	(14,476)	1,927,055	883,172	-	2,810,227
Total payments on redemption of units	18,662,554	-	-	18,662,554	18,887,587	883,172	-	19,770,759
Total comprehensive (loss) / income for the period	-	(955,719)	-	(955,719)	-	6,347,780	-	6,347,780
Distribution during the period	-	-	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(955,719)	-	(955,719)	-	6,347,780	-	6,347,780
<b>Net assets at the end of the period</b>	<u>27,764,181</u>	<u>2,714,714</u>	<u>-</u>	<u>30,478,895</u>	<u>28,072,701</u>	<u>3,604,221</u>	<u>(709,398)</u>	<u>30,967,524</u>
<b>Undistributed income / (accumulated loss) brought forward</b>								
- Realised loss		(2,652,037)				(1,065,399)		
- Unrealised income / (loss)		<u>6,322,470</u>				<u>(794,988)</u>		
		3,670,433				(1,860,387)		
<b>Accounting income available for distribution</b>								
- Relating to capital gains		-				5,464,608		
- Excluding capital gains		-				-		
		-				5,464,608		
Net loss for the period after taxation		(955,719)				-		
Undistributed income carried forward		<u>2,714,714</u>				<u>3,604,221</u>		
<b>Undistributed income carried forward</b>								
- Realised income / (loss)		4,345,124				(2,045,258)		
- Unrealised (loss) / income		<u>(1,630,410)</u>				<u>5,649,479</u>		
		<u>2,714,714</u>				<u>3,604,221</u>		
				(Rupees)				(Rupees)
Net asset value per unit at the beginning of the period				<u>63.3761</u>				<u>46.7710</u>
Net asset value per unit at the end of the period				<u>61.5067</u>				<u>59.1492</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN ISLAMIC FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

Note	Six months period ended December 31,	
	2021	2020
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period before taxation	(955,719)	6,347,780
<b>Adjustments for:</b>		
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	1,630,410	(5,649,479)
	674,691	698,301
<b>Decrease / (increase) in assets</b>		
Investments - net	1,987,041	(679,829)
Receivable against sale of investments	8,080	26,582
Dividend receivable	77,604	(37,391)
Deposits, prepayments and other receivables	177,627	343
	2,250,352	(690,295)
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited - the Management Company	19,910	6,897
Payable to Central Depository Company of Pakistan Limited - the Trustee	(303)	641
Payable to Meezan Bank Limited	(707)	(453)
Payable to the Securities and Exchange Commission of Pakistan	(2,879)	(2,108)
Payable against purchase of investments	30,934	(37,349)
Accrued expenses and other liabilities	(543,751)	(737)
	(496,796)	(33,109)
<b>Net cash generated from / (used in) operating activities</b>	2,428,247	(25,103)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	15,937,182	20,327,875
Payment against redemption and conversion of units	(18,667,107)	(19,834,766)
Dividend paid	-	(152,480)
<b>Net cash (used in) / generated from financing activities</b>	(2,729,925)	340,629
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(301,678)	315,526
Cash and cash equivalents at the beginning of the period	2,061,391	1,755,340
<b>Cash and cash equivalents at the end of the period</b>	5 1,759,713	2,070,866

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN ISLAMIC FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Islamic Fund (the Fund) was established under a Trust Deed executed under the Trust Act, 1882 between Al Meezan Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 16, 2003 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 4, 2003 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations, 2008). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Consequently, the Fund is required to be registered under the Sindh Trust Act. Accordingly, on September 2, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Fund has been formed to enable the unit holders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorized as a Equity Scheme in accordance with Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP).
- 1.4** The Management Company has been assigned a quality rating of AM1 by VIS dated December 27, 2021 (2020: AM1 dated December 31, 2020) and by PACRA dated June 23, 2021 (2020: AM1 dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2. BASIS OF PRESENTATION**

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

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, 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.

The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

4.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

4.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2021.

#### 4.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

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, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

5. BALANCES WITH BANKS	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		(Rupees in '000)	
In current accounts		10,509	10,793
In saving accounts	5.1	1,749,204	2,050,598
		<u>1,759,713</u>	<u>2,061,391</u>

5.1 This includes balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.5% (2020: 2.5%) per annum. The balance in other saving accounts have an expected profit ranging from 1.5% to 11.50% per annum (2020: 1.5% to 7.32% per annum).

6. INVESTMENTS	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		(Rupees in '000)	
<b>At fair value through profit or loss</b>			
Shares of listed companies - 'ordinary shares'	6.1	<u>29,268,889</u>	<u>32,886,340</u>



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

Name of the investee company	As at July 1, 2021	Purchases during the period	Bonus / Right issue	Sales during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised appreciation/ (diminution) as at December 31, 2021	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
-----Number of shares-----						----- (Rupees in '000) -----			----- % -----		
Sectors / companies											
Automobile assembler											
Gandhara Industries Limited	-	130,000	-	7,000	123,000	36,921	21,740	(15,181)	0.07	0.07	0.29
Gandhara Nissan Limited	-	303,800	-	80,000	223,800	26,922	17,488	(9,434)	0.06	0.06	0.39
Millat Tractors Limited	590,110	30,000	122,022	194,280	547,852	492,548	472,380	(20,168)	1.55	1.61	0.81
Pak Suzuki Motor Company Limited	50,000	-	-	50,000	-	-	-	-	-	-	-
									1.68	1.74	1.50
Automobile parts and accessories											
Agriauto Industries Limited (note 6.1.1)	140,700	-	-	-	140,700	38,607	31,437	(7,170)	0.10	0.11	0.98
Panther Tyres Limited	202,090	1,250,000	290,418	370,000	1,372,508	85,088	57,316	(27,772)	0.19	0.20	0.82
									0.29	0.31	1.79
Chemicals											
Engro Polymer & Chemicals Limited	16,475,221	1,935,000	-	2,837,000	15,573,221	747,341	844,224	96,883	2.77	2.88	1.71
Dynea Pakistan Limited (Note 6.1.1)	293,000	10,000	-	-	303,000	67,231	65,297	(1,934)	0.21	0.22	3.21
ICI Pakistan Limited	919,535	14,550	-	50,850	883,235	766,215	672,009	(94,206)	2.20	2.30	0.96
Ghani Global Holdings Limited	3,550	-	-	3,550	-	-	-	-	-	-	-
Nimir Resins Limited	375,000	-	-	375,000	-	-	-	-	-	-	-
Sitara Chemicals Industries Limited	30,500	15,000	-	-	45,500	15,306	14,018	(1,288)	0.05	0.05	0.21
									5.23	5.45	6.09
Cement											
Attock Cement Pakistan Limited	425,400	-	-	15,600	409,800	73,690	56,946	(16,744)	0.19	0.19	0.30
Cherat Cement Company Limited	3,335,000	195,000	-	50,000	3,480,000	612,822	516,119	(96,703)	1.69	1.76	1.79
D.G. Khan Cement Company Limited	2,953,649	2,741,991	-	4,641,200	1,054,440	89,808	87,455	(2,353)	0.29	0.30	0.24
Fauji Cement Company Limited	5,129,500	1,122,500	-	29,500	6,222,500	138,216	114,307	(23,909)	0.38	0.39	0.45
Kohat Cement Company Limited	5,354,750	421,200	-	141,700	5,634,250	1,153,313	1,062,620	(90,693)	3.49	3.63	2.81
Lucky Cement Limited	4,365,992	447,174	-	1,375,877	3,437,289	2,919,625	2,334,882	(584,743)	7.66	7.98	1.06
Pioneer Cement Limited	-	650,000	-	-	650,000	68,071	57,688	(10,383)	0.19	0.20	0.29
Power Cement Limited	639,500	-	-	639,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	18,186,814	3,569,000	-	6,772,001	14,983,813	673,777	538,668	(135,109)	1.77	1.84	1.36
									15.66	16.29	8.30
Paper and Board											
Cherat Packaging Limited	161,847	-	-	-	161,847	32,193	22,523	(9,670)	0.07	0.08	0.38
Century Paper & Board Mills Limited	3,972,600	151,600	599,640	-	4,723,840	497,935	373,656	(124,279)	1.23	1.28	2.33
Roshan Packages Limited	3,332,500	-	-	-	3,332,500	109,773	65,284	(44,489)	0.21	0.22	2.35
Security Papers Limited	41,000	-	-	41,000	-	-	-	-	-	-	-
Packages Limited	1,649,425	36,390	-	245,250	1,440,565	784,573	716,350	(68,223)	2.35	2.45	1.61
									3.86	4.03	6.67
Technology and communication											
Avanceon Limited	4,519,156	1,037,000	-	4,451,500	1,104,656	107,583	100,656	(6,927)	0.33	0.34	0.43
Airlink communication Limited	-	6,695,500	215,212	4,211,500	2,699,212	179,529	156,716	(22,813)	0.51	0.54	0.68
Octopus Digital Limited	-	92,336	-	50,000	42,336	1,896	3,292	1,396	0.01	0.01	0.03
Netsol Technologies Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited "A"	3,873,000	-	-	2,918,000	955,000	11,307	8,309	(2,998)	0.03	0.03	0.03
TPL Trakker Limited	605,000	-	-	605,000	-	-	-	-	-	-	-
World call Telecom Limited	1,600,000	1,000,000	-	-	2,600,000	9,966	5,408	(4,558)	0.02	0.02	0.14
Systems Limited	2,440,560	-	-	165,000	2,275,560	1,274,814	1,729,062	454,248	5.67	5.91	1.66
									6.57	6.85	2.97
Refinery											
Attock Refinery Limited	100,000	-	-	100,000	-	-	-	-	-	-	-
Cnergico PK Limited (Formerly Byco petroleum Limited)	21,600,000	39,080,000	-	10,447,500	50,232,500	509,438	342,083	(167,355)	1.12	1.17	0.94
									1.12	1.17	0.94
Commercial Banks											
Meezan Bank Limited (a related party of the Fund)	14,130,816	750,000	2,113,106	1,715,939	15,277,983	1,550,435	2,048,930	498,495	6.72	7.00	0.94
Banks Islami Pakistan Limited	14,692,500	2,700,000	-	-	17,392,500	200,852	222,798	21,946	0.73	0.76	1.57
									7.45	7.76	2.51

Name of the investee company	As at July 1, 2021	Purchases during the period	Bonus / Right issue	Sales during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised appreciation/ (diminution) as at December 31, 2021	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
-----Number of shares-----						----- (Rupees in '000) -----			----- % -----		
<b>Oil and Gas Marketing Companies</b>											
Attock Petroleum Limited	798,334	-	-	-	798,334	256,289	250,677	(5,612)	0.82	0.86	0.80
Hascol Petroleum Limited (note 6.1.2)	40,861	-	-	-	40,861	365	254	(111)	-	-	0.00
Hi-Tech Lubricants Limited	50,000	250,000	10,000	-	310,000	14,947	13,485	(1,462)	0.04	0.05	0.22
Shell Pakistan Limited	265,400	-	-	265,400	-	-	-	-	-	-	-
Pakistan State Oil Company Limited (note 6.1.2)	5,622,901	360,000	-	1,769,111	4,213,790	945,898	766,446	(179,452)	2.51	2.62	0.90
Sui Northern Gas Pipelines Limited	4,175,800	1,983,712	-	550,000	5,609,512	273,593	187,638	(85,955)	0.62	0.64	0.88
									<b>3.99</b>	<b>4.17</b>	<b>2.81</b>
<b>Oil and Gas Exploration Companies</b>											
Oil and Gas Development Company Limited	17,615,813	5,320,484	-	2,468,914	20,467,383	1,920,586	1,764,288	(156,298)	5.79	6.03	0.48
Pakistan Oilfields Limited	2,110,607	-	-	663,596	1,447,011	569,920	517,480	(52,440)	1.70	1.77	0.51
Pakistan Petroleum Limited	16,464,880	3,208,005	-	430,700	19,242,185	1,651,937	1,520,902	(131,035)	4.99	5.20	0.71
Mari Petroleum Company Limited (note 6.1.2)	1,794,247	118,860	-	27,500	1,885,607	2,902,128	3,119,228	217,100	10.23	10.66	1.41
									<b>22.71</b>	<b>23.66</b>	<b>3.11</b>
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	69,050	-	-	9,000	60,050	47,581	43,086	(4,495)	0.14	0.15	0.06
AGP Limited	3,242,300	74,100	-	3,316,400	-	-	-	-	-	-	-
GlaxoSmithkline Consumer Healthcare Products Limited	364,656	-	-	25,000	339,656	84,945	81,877	(3,068)	0.27	0.28	0.29
Ferozsons Laboratories Limited	24,000	-	-	-	24,000	8,468	7,820	(648)	0.03	0.03	0.07
IBL Healthcare Limited	-	255,700	51,140	-	306,840	25,032	21,509	(3,523)	0.07	0.07	0.47
Highnoon Laboratories Limited (note 6.1.2)	131,760	-	-	-	131,760	79,055	82,725	3,670	0.27	0.28	0.35
The Searle Company Limited (note 6.1.2)	3,527,044	70,000	801,673	1,365,355	3,033,362	563,250	435,955	(127,295)	1.43	1.49	0.97
									<b>2.21</b>	<b>2.30</b>	<b>2.21</b>
<b>Power Generation and Distribution</b>											
The Hub Power Company Limited	13,178,273	7,426,809	-	103,327	20,501,755	1,616,313	1,462,595	(153,718)	4.80	5.00	1.58
K - Electric Limited (6.1.1)	110,064,000	900,000	-	-	110,964,000	463,416	381,716	(81,700)	1.25	1.30	0.40
									<b>6.05</b>	<b>6.30</b>	<b>1.98</b>
<b>Fertilizer</b>											
Fauji Fertilizer Bin Qasim Limited	-	3,568,000	-	-	3,568,000	93,076	88,415	(4,661)	0.29	0.30	0.28
Engro Corporation Limited (note 6.1.3)	6,519,719	294,767	-	1,238,416	5,576,070	1,640,999	1,519,033	(121,966)	4.98	5.19	0.97
Engro Fertilizers Limited	13,834,619	1,200,000	-	1,643,111	13,391,508	944,201	1,018,960	74,759	3.34	3.48	1.00
									<b>8.61</b>	<b>8.97</b>	<b>2.25</b>
<b>Engineering</b>											
Agha Steels Industries Limited	3,138,910	-	137,020	1,427,500	1,848,430	59,379	48,373	(11,006)	0.16	0.17	0.31
Aisha Steel Mills Limited	4,100,000	6,372,500	-	5,409,000	5,063,500	122,578	76,256	(46,322)	0.25	0.26	0.66
Arreli Steel Limited	-	1,936,000	-	-	1,936,000	92,303	86,655	(5,648)	0.28	0.30	0.65
International Industries Limited	2,221,440	25,000	-	905,900	1,340,540	282,065	186,080	(95,985)	0.61	0.64	1.02
Ittefaq Iron Industries Limited	5,181,500	211,000	-	-	5,392,500	101,212	64,548	(36,664)	0.21	0.22	3.74
International Steel Limited	3,308,107	-	-	2,083,491	1,224,616	114,391	80,972	(33,419)	0.27	0.28	0.28
Mughal Iron & Steel Industries Limited	4,237,520	1,963,500	832,098	2,000	7,031,118	653,276	732,010	78,734	2.40	2.50	2.09
KSB Pumps Company Limited	38,700	-	-	800	37,900	8,409	6,025	(2,384)	0.02	0.02	0.29
									<b>4.20</b>	<b>4.39</b>	<b>9.03</b>
<b>Food and Personal Care Products</b>											
Al-Shaheer Corporation Limited (note 6.1.2)	62,711	-	-	-	62,711	1,250	845	(405)	-	-	0.02
At-Tahur Limited	632,049	1,633,000	271,805	-	2,536,854	63,935	58,373	(5,562)	0.19	0.20	1.28
National Foods Limited (note 6.1.1)	254,150	-	63,537	-	317,687	58,205	48,489	(9,716)	0.16	0.17	0.14
The Organic Meat Company Limited	-	950,000	95,000	-	1,045,000	36,945	33,158	(3,787)	0.11	0.11	0.85
Unity Foods Limited	7,888,000	1,591,433	-	7,609,886	1,869,547	79,622	49,487	(30,135)	0.16	0.17	0.19
									<b>0.62</b>	<b>0.65</b>	<b>2.47</b>
<b>Glass and Ceramics</b>											
Ghani Global Glass Limited	460,000	-	-	460,000	-	-	-	-	-	-	-
Shabbir Tiles and Ceramics Limited (Note 6.1.1)	2,395,000	900,000	-	-	3,295,000	109,101	76,905	(32,196)	0.25	0.26	1.01
Tariq Glass Industries Limited	-	21,300	-	-	21,300	1,894	2,311	417	0.01	0.01	0.02
Ghani Glass Limited	1,253,200	-	-	-	1,253,200	60,404	54,577	(5,827)	0.18	0.19	0.15
									<b>0.44</b>	<b>0.46</b>	<b>1.17</b>

Name of the investee company	As at July 1, 2021	Purchases during the period	Bonus / Right issue / Subdivision of shares	Sales / rights exercise during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised appreciation/ (diminution) as at December 31, 2021	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
	-----Number of shares-----					----- (Rupees in '000) -----			----- % -----		
Textile Composite											
Feroze1888 Mills Limited	1,382,600	8,500	-	-	1,391,100	145,486	107,756	(37,730)	0.35	0.37	0.37
Interloop Limited	13,250,500	600,000	415,515	475,000	13,791,015	939,259	1,002,469	63,210	3.29	3.43	1.54
Kohinoor Textile Mills Limited (note 6.1.2)	1,332,014	550,000	-	73,500	1,808,514	140,821	125,547	(15,274)	0.41	0.43	0.60
Nishat Mills Limited	5,383,500	360,000	-	1,907,200	3,836,300	358,819	305,293	(53,526)	1.00	1.04	1.09
									5.05	5.27	3.60
Leather & Tanneries											
Service Global Footwear Limited	1,021,325	-	-	205,000	816,325	47,208	37,845	(9,363)	0.12	0.13	0.40
Miscellaneous											
Pakistan Aluminum Beverage Cans Limited	-	1,775,942	-	1,772,000	3,942	193	135	(58)	-	-	0.00
Synthetic Products Enterprises Limited (note 6.1.1)	1,040,525	-	1,207,009	-	2,247,534	44,750	40,567	(4,183)	0.13	0.14	1.13
									0.13	0.14	1.13
Right Certificates											
Textile Composite											
Feroze1888 Mills Limited	-	-	82,986	82,986	-	-	-	-	-	-	-
Food and Personal Care Products											
Unity Foods Limited	-	-	436,506	-	436,506	-	463	463	-	-	0.04
Total as at December 31, 2021					427,842,230	30,899,299	29,268,889	(1,630,410)			
Total as at June 30, 2021					390,664,729	26,563,870	32,886,340	6,322,470			

**6.1.1** All shares have a nominal value of Rs 10 each except for the shares of Agri auto Industries Limited, National Foods Limited, Dynea Pakistan Limited, Synthetic Products Enterprise Limited (nominal value changed from Rs 10 to Rs 5 during the period) and Shabbir Tiles and Ceramics Limited which have a nominal value of Rs 5 each and K-Electric Limited which has a nominal value of Rs 3.5 each.

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

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a 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 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 period were not withheld by the investee companies.

As at December 31, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 54.113 million (June 30, 2021: Rs. 62.612 million).

- 6.1.3** Investments include 1,060,000 shares of Engro Corporation Limited, having market value of Rs 288.77 million as at December 31, 2021 (June 30, 2021: Rs. 312.29 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.

7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		(Rupees in '000)	
Management fee payable	7.1	8,308	3,738
Sindh Sales Tax payable on remuneration of the Management Company		1,080	486
Allocated expenses payable	7.2	2,838	3,124
Selling and marketing expenses payable	7.3	99,340	82,065
Sales load payable		736	2,720
Sindh Sales Tax on sales load payable		95	354
		<u>112,397</u>	<u>92,487</u>

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

- 7.2** 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 expense at a rate of 0.11% (2020: 0.1%) of the average annual net assets of the scheme for allocation of such expenses to the Fund subject to the total expense charged being lower than actual expense incurred.

- 7.3** In accordance with Circular 11 dated July 5, 2019 with respect to selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at 1% (2020: 0.4%) of the average annual net assets of the Fund for the period subject to the total expense charged being lower than actual expense incurred.

8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund (SWWF)	8.1	-	525,426
Charity payable		44,624	50,956
Capital gain tax payable		2,730	14,423
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	8.2	231,867	231,867
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	8.2	32,607	32,607
Auditors' remuneration		457	480
Zakat payable		61	139
Printing expenses payable		483	483
Shariah advisory fee payable		1,657	1,650
Brokerage payable		10,581	10,787
		<u>325,067</u>	<u>868,818</u>



- 8.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 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 taken up with the SECP and all the Asset Management Companies, in consultation with the 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 also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the condensed interim financial statements of the Fund.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 264.474 million is being retained in the condensed interim 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 0.53 (June 30, 2021: Re 0.49) per unit.

## **9. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

## **10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

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 also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.

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.

Details of transactions with connected persons and balances with them are as follows:

	December 31, 2021 (Unaudited) (Rupees in '000)	June 30, 2021 (Audited)
<b>Al Meezan Investment Management Limited - the Management Company</b>		
Remuneration payable	8,308	3,738
Sindh Sales Tax payable on remuneration of the Management Company	1,080	486
Sales load payable	736	2,720
Sindh Sales Tax and on sales load payable	95	354
Allocated expenses payable	2,838	3,124
Selling and marketing expenses payable	99,340	82,065
Investment of 713,147 units (June 30, 2021: 2,005,066 units)	43,863	127,073
<b>Meezan Bank Limited</b>		
Balance with bank	266,352	162,187
Profit receivable on saving accounts	90	125
Sales load payable	290	916
Sindh Sales Tax on sales load payable	38	119
Shariah advisor fee payable	1,657	1,650
Investment in 15,277,983 shares (June 30, 2021: 14,130,816 shares)	2,048,930	1,630,837
Investment of 12,475,049 units (June 30, 2021: 12,475,049 units)	767,299	790,620
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Payable to Central Depository Company of Pakistan Limited - Trustee	2,665	2,933
Sindh Sales Tax on trustee fee payable	346	381
Security deposit	100	100
<b>Al Meezan Investment Management Limited - Employees' Gratuity Fund</b>		
Investment of 189,837 units (June 30, 2021: 189,837 units)	11,676	12,031
<b>Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan</b>		
Investment of 4,110,442 units (June 30, 2021: 4,122,205 units)	252,820	261,249
<b>Meezan Financial Planning Fund of Funds - Moderate Allocation Plan</b>		
Investment of 969,405 units (June 30, 2021: 1,187,441 units)	59,625	75,255
<b>Meezan Financial Planning Fund of Funds - Conservative Allocation Plan</b>		
Investment of 927,428 units (June 30, 2021: 898,279 units)	57,043	56,929
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Investment of 1,240,665 units (June 30, 2021: 2,730,594 units)	76,309	173,054
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Investment of 3,523,674 units (June 30, 2021: 1,579,575 units)	216,730	100,107
<b>Meezan Strategic Allocation Fund - MSAP - III</b>		
Investment of 893,280 units (June 30, 2021: 2,541,472 units)	54,943	161,069
<b>Meezan Strategic Allocation Fund - MSAP - IV</b>		
Investment of nil units (June 30, 2021: 22,509 units)	-	1,427
<b>Meezan Strategic Allocation Fund - MSAP - V</b>		
Investment of 25,850 units (June 30, 2021: 26,286 units)	1,590	1,666
<b>Directors and executives of the Management Company</b>		
Investment of 16,407,107 units (June 30, 2021: 12,989,655 units)	1,009,147	823,234

**Transactions during the period**
**Six months period ended**
**December 31,**
**2021                      2020**
**(Unaudited)**
**(Rupees in '000)**
**Al Meezan Investment Management Limited - the Management Company**

Remuneration of Al Meezan Investment Management Limited -

Management Company

Sindh Sales Tax on management fee

Allocated expenses

Selling and marketing expense

Units issued: 4,055,707 units (2020: 5,607,792 units)

Units redeemed: 5,347,626 units (2020: 6,366,047 units)

332,205	291,590
43,187	37,907
18,271	14,579
166,103	58,318
260,000	305,000
335,000	334,482

**Meezan Bank Limited**

Profit on saving accounts

Shares purchased: 750,000 shares (2020: 2,212,001 shares)

Shares sold: 1,715,939 shares (2020: 530,000 shares)

Bonus issue: 2,113,106 (2020: 1,258,209 shares)

Shariah advisor fee

Dividend income

613	570
103,447	189,769
239,231	47,148
-	-
1,857	1,313
45,278	60,461

**Central Depository Company of Pakistan Limited - the Trustee**

Trustee fee

Sindh Sales Tax on trustee fee

CDS charges

17,114	15,084
2,225	1,961
518	567

**Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan**

Units issued: 320,490 units (2020: 60,948 units)

Units redeemed: 332,253 units (2020: 782,881 units)

19,696	3,375
21,000	41,746

**Meezan Financial Planning Fund of Funds - Moderate Allocation Plan**

Units issued: 355,287 units (2020: 162,005 units)

Units redeemed: 573,323 units (2020: 406,312 units)

22,542	9,000
35,250	21,571

**Meezan Financial Planning Fund of Funds - Conservative Allocation Plan**

Units issued: 166,082 units (2020: 75,590 units)

Units redeemed: 136,933 units (2020: 274,716 units)

10,280	4,375
8,375	14,644

**Meezan Financial Planning Fund of Funds - MAAP - I**

Units issued: 47,581 units (2020: 206,351 units)

Units redeemed: 47,581 units (2020: 1,984,047 units)

3,000	11,000
2,844	114,000

**Meezan Strategic Allocation Fund - MSAP - I**

Units issued: 316,621 units (2020: 1,903,093 units)

Units redeemed: 1,806,550 units (2020: 1,559,604 units)

20,048	101,000
110,450	85,500

**Meezan Strategic Allocation Fund - MSAP - II**

Units issued: 2,607,990 units (2020: 769,610 units)

Units redeemed: 663,891 units (2020: 1,050,075 units)

168,546	41,500
41,480	55,500

**Meezan Strategic Allocation Fund - MSAP - III**

Units issued: 158,604 units (2020: 288,979 units)

Units redeemed: 1,806,796 units (2020: 4,957,220 units)

10,000	15,000
113,050	264,850

**Meezan Strategic Allocation Fund - MSAP - IV**

Units issued: 47,581 units (2020: 313,061 units)

Units redeemed: 70,090 units (2020: 7,166,644 units)

3,000	16,500
4,300	384,500



## Transactions during the period

Six months period ended

December 31,

2021 2020

(Unaudited)

(Rupees in '000)

### Meezan Strategic Allocation Fund - MSAP - V

Units issued: 7,930 units (2020: 66,279 units)

Units redeemed: 8,366 units (2020: 2,025,944 units)

500	3,500
500	111,090

### Directors and executives of the Management Company

Units issued: 4,343,946 units (2020: 1,252,020 units)

Units redeemed: 927,935 units (2020: 1,844,787 units)

277,821	69,570
57,942	95,664

## 11. 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 tradeable in an open market are revalued at 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.

### 11.1 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: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using 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).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2021 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>				

(Rupees in '000)

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

Shares of listed companies - 'ordinary shares' 29,268,889 - - 29,268,889

	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>				

(Rupees in '000)

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

Shares of listed companies - 'ordinary shares' 32,886,340 - - 32,886,340

## 12. TOTAL EXPENSE RATIO

The annualised Total Expense Ratio (TER) of the Fund as at December 31, 2021 is 3.82% (2020: 3.68%) which includes 0.31% (2020: 0.76%) representing government levies on the Fund such as 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 an Equity Scheme.



### **13. TAXATION**

The Fund's income is exempt from income tax as per 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 the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute atleast 90 percent of the net accounting income other than capital gains to the unit holders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the period.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **14. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

### **15. DATE OF AUTHORISATION**

These condensed interim financial statements was authorised for issue on February 14, 2022 by the Board of Directors of the Management Company.

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

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**Chief Executive**

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**Chief Financial Officer**

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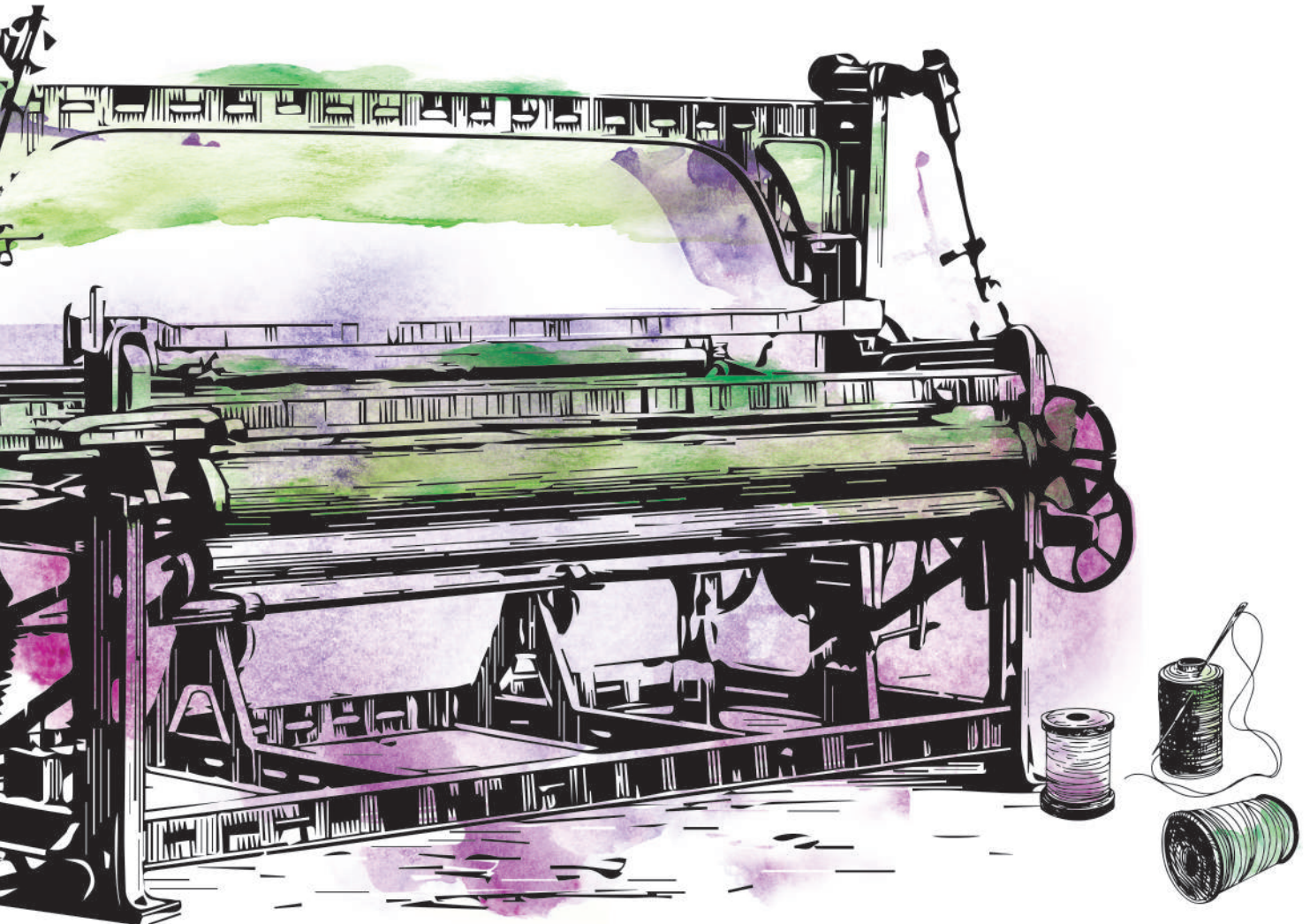
**Director**



**Al Meezan**  
Investment Management Ltd.

# AL MEEZAN MUTUAL FUND (AMMF)

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



# RISING ECONOMY WITH A GROWTH RATE OF



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Salman Muslim

## CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Shahid Ojha

## AUDIT COMMITTEE

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

## RISK MANAGEMENT COMMITTEE

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

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## TRUSTEE

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

## AUDITORS

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

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

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

## LEGAL ADVISER

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



**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi - 74400, Pakistan.  
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URL: [www.cdcPakistan.com](http://www.cdcPakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**AL MEEZAN MUTUAL FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Al Meezan Mutual Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 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, February 23, 2022



**REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Al Meezan Mutual Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2021. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Khattab Muhammad Akhi Baig**

Date: February 26, 2022

Karachi



**AL MEEZAN MUTUAL FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT DECEMBER 31, 2021**

		<b>December 31, 2021 (Unaudited)</b>	<b>June 30, 2021 (Audited)</b>
	<b>Note</b>	<b>(Rupees in '000)</b>	
<b>Assets</b>			
Balances with banks	5	171,606	296,501
Investments	6	4,947,079	4,650,421
Receivable against sale of investments		16,481	12,682
Receivable against conversion of units		6,740	36,375
Dividend receivable		1,157	21,910
Deposits, prepayments and profit receivable		3,797	71,219
<b>Total assets</b>		<b>5,146,860</b>	<b>5,089,108</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	7	17,229	13,185
Payable to Central Depository Company of Pakistan Limited - Trustee		584	557
Payable to the Securities and Exchange Commission of Pakistan		486	937
Payable to Meezan Bank Limited		43	101
Payable against purchase of investments		84	-
Payable against redemption and conversion of units		15,100	16,040
Accrued expenses and other liabilities	8	58,475	135,530
Dividend payable		4,917	4,917
<b>Total liabilities</b>		<b>96,918</b>	<b>171,267</b>
<b>Net assets</b>		<b>5,049,942</b>	<b>4,917,841</b>
<b>Contingencies and commitments</b>	9		
<b>Unit holders' fund (as per statement attached)</b>		<b>5,049,942</b>	<b>4,917,841</b>
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>295,227,257</b>	<b>278,685,368</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>17.1053</b>	<b>17.6466</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director

**AL MEEZAN MUTUAL FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

		Six months period ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
	Note	(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised (loss) / gain on sale of investments		(68,288)	122,105	(66,072)	48,494
Dividend income		145,439	100,048	86,629	74,304
Profit on savings accounts with banks		7,792	7,749	3,678	3,514
		84,943	229,902	24,235	126,312
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1	(238,403)	817,077	(27,008)	232,894
<b>Total (loss) / income</b>		(153,460)	1,046,979	(2,773)	359,206
<b>Expenses</b>					
Remuneration of Al Meezan Investment Management Limited - Management Company	7.1	48,593	45,556	24,395	22,804
Sindh Sales Tax on remuneration of the Management Company		6,317	5,922	3,171	2,964
Allocated expenses	7.2	2,673	2,278	1,342	1,140
Selling and marketing expenses	7.3	24,297	9,111	12,198	4,561
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,934	2,782	1,472	1,392
Sindh Sales Tax on remuneration of the Trustee		381	362	191	181
Annual fee to the Securities and Exchange Commission of Pakistan		486	456	244	228
Auditors' remuneration		469	472	223	219
Legal and professional charges		184	-	-	-
Charity expense		3,705	3,107	1,857	2,365
Fees and subscription		260	141	152	80
Brokerage expense		5,399	4,773	2,761	2,787
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	8.1	(77,691)	19,432	-	6,404
Bank and settlement charges		558	401	278	252
<b>Total expenses</b>		18,565	94,793	48,284	45,377
<b>Net (loss) / income for the period before taxation</b>		(172,025)	952,186	(51,057)	313,829
Taxation	12	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		(172,025)	952,186	(51,057)	313,829
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		-	952,186		
Income already paid on units redeemed		-	(78,525)		
		-	873,661		
<b>Accounting income available for distribution</b>					
- Relating to capital gains		-	873,661		
- Excluding capital gains		-	-		
		-	873,661		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director





**AL MEEZAN MUTUAL FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

	<b>Six months period ended, December 31,</b>		<b>Quarter ended, December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(Rupees in '000)</b>		<b>(Rupees in '000)</b>	
<b>Net (loss) / income for the period after taxation</b>	(172,025)	952,186	(51,057)	313,829
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(172,025)</u>	<u>952,186</u>	<u>(51,057)</u>	<u>313,829</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

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

**AL MEEZAN MUTUAL FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Six months period ended December 31, 2021			Six months period ended December 31, 2020			
	Capital value	Undistributed income	Total	Capital value	(Accumulated loss) / Undistributed income	Over distribution	Total
	----- Rupees in 000-----			----- Rupees in 000-----			
<b>Net assets at the beginning of the period</b>	4,144,037	773,804	4,917,841	4,045,463	(109,627)	(22,499)	3,913,337
Issuance of 138,041,719 units (2020: 121,714,084 units)							
- Capital value (at net asset value per unit at the beginning of the period)	2,435,967	-	2,435,967	1,620,939	-	-	1,620,939
- Element of income	13,564	-	13,564	261,031	-	-	261,031
Total proceeds on issuance of units	2,449,531	-	2,449,531	1,881,970	-	-	1,881,970
Redemption of 121,499,830 units (2020: 127,532,550 units)							
- Capital value (at net asset value per unit at the beginning of the period)	2,144,059	-	2,144,059	1,698,427	-	-	1,698,427
- Element of loss	1,346	-	1,346	193,190	78,525	-	271,715
Total payments on redemption of units	2,145,405	-	2,145,405	1,891,617	78,525	-	1,970,142
Total comprehensive (loss) / income for the period	-	(172,025)	(172,025)	-	952,186	-	952,186
Distribution for the period	-	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(172,025)	(172,025)	-	952,186	-	952,186
<b>Net assets at the end of the period</b>	<u>4,448,163</u>	<u>601,779</u>	<u>5,049,942</u>	<u>4,035,816</u>	<u>764,034</u>	<u>(22,499)</u>	<u>4,777,351</u>
<b>Undistributed income / (accumulated loss) brought forward</b>							
- Realised loss		(27,472)			(77,132)		
- Unrealised income / (loss)		801,276			(32,495)		
		<u>773,804</u>			<u>(109,627)</u>		
<b>Accounting income available for distribution</b>							
- Relating to capital gains	-			873,661			
- Excluding capital gains	-			-			
	-			873,661			
Net loss for the period after taxation		(172,025)			-		
Undistributed income carried forward		<u>601,779</u>			<u>764,034</u>		
<b>Undistributed income carried forward</b>							
- Realised income / (loss)		840,182			(53,043)		
- Unrealised (loss) / income		(238,403)			817,077		
		<u>601,779</u>			<u>764,034</u>		
			(Rupees)				(Rupees)
Net asset value per unit at the beginning of the period			<u>17.6466</u>				<u>13.3176</u>
Net asset value per unit at the end of the period			<u>17.1053</u>				<u>16.5864</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**AL MEEZAN MUTUAL FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

		Six months period ended December 31,	
	Note	2021	2020
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / income for the period before taxation		(172,025)	952,186
<b>Adjustments for:</b>			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1	238,403 66,378	(817,077) 135,109
<b>(Increase) / decrease in assets</b>			
Investments - net		(535,061)	(31,516)
Receivable against sale of investments		(3,799)	(7,551)
Dividend receivable		20,753	3,252
Deposits, prepayments and profit receivable		67,422	(1,375)
		(450,685)	(37,190)
<b>Increase / (decrease) in liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company		4,044	669
Payable to Central Depository Company of Pakistan Limited - Trustee		27	94
Payable to Meezan Bank Limited		(58)	29
Payable to the Securities and Exchange Commission of Pakistan		(451)	(397)
Payable against purchase of investments		84	5,366
Accrued expenses and other liabilities		(77,055)	10,460
		(73,409)	16,221
<b>Net cash (used in) / generated from operating activities</b>		(457,716)	114,140
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		2,479,166	1,892,476
Payment against redemption and conversion of units		(2,146,345)	(1,966,149)
Dividend paid		-	(14,655)
<b>Net cash generated from / (used in) financing activities</b>		332,821	(88,328)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>		(124,895)	25,812
Cash and cash equivalents at the beginning of the period		296,501	259,646
<b>Cash and cash equivalents at the end of the period</b>	5	171,606	285,458

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director

**AL MEEZAN MUTUAL FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Al Meezan Mutual Fund (the Fund) was constituted by virtue of a scheme of arrangement for conversion of Al Meezan Mutual Fund Limited (AMMFL) into an Open End Scheme under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on June 17, 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 14, 2011 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on September 3, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Fund has been formed to provide maximum total return to the unit holders from investment in "Shariah Compliant" equity investments for the given level of risk, while abiding by the regulations and any other prevailing rules and regulations. At least seventy percent of its net assets shall remain invested in listed equity securities during the year based on quarterly average investment calculated on daily basis. The remaining net assets shall be invested in cash and cash equivalents. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as an Equity Scheme.
- 1.4** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 27, 2021 (2020: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2021 (2020: 'AM1' dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2. BASIS OF PRESENTATION**

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

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, 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.

The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES**

**4.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

**4.2** The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2021.

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

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

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

<b>5. BALANCES WITH BANKS</b>	<b>Note</b>	<b>December 31, 2021 (Unaudited)</b>	<b>June 30, 2021 (Audited)</b>
		<b>(Rupees in '000)</b>	
Balances with banks in:			
Savings accounts	5.1	161,220	285,161
Current accounts		10,386	11,340
		<u>171,606</u>	<u>296,501</u>

**5.1** This includes a balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.50% (June 30, 2021: 2.50%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 1.50% to 11.50% (June 30, 2021: 1.50% to 7.32%) per annum.



## 6. INVESTMENTS

### At fair value through profit or loss

Shares of listed companies - 'ordinary shares'

Note

December 31,  
2021  
(Unaudited)  
(Rupees in '000)

June 30,  
2021  
(Audited)

4,947,079

4,650,421

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

Name of the investee company	As at July 1, 2021	Purchased during the period	Bonus / right shares	Sold / exercised during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market Value as at December 31, 2021	Unrealised (diminution) / appreciation as at December 31, 2021	Percentage in relation to		
									Net assets of the Fund	Market value of total invest-ments	Paid-up capital of investee company (with face value of investment)
----- (Number of shares) -----						----- (Rupees in '000) -----		----- % -----			
<b>Automobile Assembler</b>											
Ghandhara Industries Limited	2,200	42,500	-	-	44,700	11,144	7,901	(3,243)	0.16	0.16	0.10
Ghandhara Nissan Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
Millat Tractors Limited	80,356	10,000	17,071	-	107,427	96,710	92,628	(4,082)	1.83	1.87	0.16
									<b>1.99</b>	<b>2.03</b>	<b>0.26</b>
<b>Automobile Parts and Accessories</b>											
Panther Tyres Limited	47,735	470,000	98,547	530,000	86,282	5,421	3,603	(1,818)	0.07	0.07	0.05
									<b>0.07</b>	<b>0.07</b>	<b>0.05</b>
<b>Cement</b>											
Attock Cement Pakistan Limited **	400	-	-	-	400	72	56	(16)	-	-	-
Cherat Cement Company Limited	422,700	440,000	-	21,100	841,600	134,612	124,818	(9,794)	2.47	2.52	0.43
D.G. Khan Cement Company Limited	650,150	1,356,000	-	805,000	1,201,150	111,091	99,623	(11,468)	1.97	2.01	0.27
Fauji Cement Company Limited	60,000	750,000	-	-	810,000	15,498	14,880	(618)	0.29	0.30	0.06
Kohat Cement Company Limited	650,820	116,000	-	27,500	739,320	150,510	139,436	(11,074)	2.76	2.82	0.37
Lucky Cement Limited	565,630	171,000	-	215,500	521,130	429,834	353,993	(75,841)	7.01	7.17	0.16
Power Cement Limited		1,000,000		1,000,000	-	-	-		-	-	-
Maple Leaf Cement Factory Limited	2,247,577	2,652,505	-	1,126,000	3,774,082	155,012	135,678	(19,334)	2.69	2.74	0.34
									<b>17.19</b>	<b>17.56</b>	<b>1.63</b>
<b>Chemicals</b>											
Dynea Pakistan Limited (note 6.1.1)	119,500	-	-	-	119,500	26,410	25,752	(658)	0.51	0.52	0.63
Engro Polymer and Chemicals Limited	2,487,041	371,000	-	230,000	2,628,041	128,328	142,466	14,138	2.82	2.88	0.29
ICI Pakistan Limited	150,179	10,500	-	25,250	135,429	116,613	103,041	(13,572)	2.04	2.08	0.15
Sitara Chemical Industries Limited	29,200	103,100	-	29,200	103,100	29,493	31,763	2,270	0.63	0.64	0.48
									<b>6.00</b>	<b>6.12</b>	<b>1.55</b>
<b>Commercial Banks</b>											
BankIslami Pakistan Limited	5,821,000	1,138,000	-	-	6,959,000	82,352	89,145	6,793	1.77	1.80	0.63
Meezan Bank Limited (a related party of the Fund)	2,143,955	250,000	291,593	400,000	2,285,548	238,760	306,515	67,755	6.07	6.20	0.14
									<b>7.84</b>	<b>8.00</b>	<b>0.77</b>
<b>Engineering</b>											
Agha Steel Industries Limited	672,000	200,000	24,850	896,850	-	-	-	-	-	-	-
Aisha Steel Mills Limited	1,325,000	1,100,000	-	2,425,000	-	-	-	-	-	-	-
Amreli Steels Limited	-	1,305,000	-	-	1,305,000	60,900	58,412	(2,488)	1.16	1.18	0.44
International Industries Limited	354,300	65,000	-	198,100	221,200	44,347	30,705	(13,642)	0.61	0.62	0.17
International Steels Limited	289,500	-	-	289,500	-	-	-	-	-	-	-
Ittefaq Iron Industries Limited	640,000	600,000	-	-	1,240,000	21,199	14,843	(6,356)	0.29	0.30	0.86
Mughal Iron & Steel Industries Limited	517,980	479,600	117,837	-	1,115,417	105,140	116,126	10,986	2.30	2.35	0.33
									<b>4.36</b>	<b>4.45</b>	<b>1.80</b>
<b>Fertilizer</b>											
Engro Corporation Limited (note 6.1.2)	976,790	140,000	-	195,161	921,629	270,296	251,070	(19,226)	4.97	5.09	0.16
Fauji Fertilizer Bin Qasim Limited		1,273,500	-	-	1,273,500	33,123	31,557	(1,566)	0.62	0.64	0.10
Engro Fertilizers Limited	1,277,500	760,800	-	-	2,038,300	148,030	155,094	7,064	3.07	3.14	0.15
									<b>8.66</b>	<b>8.87</b>	<b>0.41</b>
<b>Food and Personal Care Products</b>											
At-Tahur Limited	-	1,382,500	152,340	-	1,534,840	39,746	35,317	(4,429)	0.70	0.71	0.77
Al-Shaheer Corporation Limited **	12,997	-	-	-	12,997	259	175	(84)	-	-	-
National Foods Limited (note 6.1.1)	6,150	-	1,537	-	7,687	1,408	1,173	(235)	0.02	0.02	-
Unity Foods Limited	760,000	520,782	-	1,280,782	-	-	-	-	-	-	-
									<b>0.72</b>	<b>0.73</b>	<b>0.77</b>



Name of the investee company	As at July 1, 2021	Purchased during the period	Bonus / right shares	Sold / exercised during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market Value as at December 31, 2021	Unrealised (diminution) / appreciation as at December 31, 2021	Percentage in relation to		
									Net assets of the Fund	Market value of total invest- ments	Paid-up capital of investee company (with face value of investment)
----- (Number of shares) -----						----- (Rupees in '000) -----			-----%		
<b>Glass and Ceramics</b>											
Ghani Glass Limited	702,625	-	-	204,500	498,125	24,010	21,693	(2,317)	0.43	0.44	0.09
Shabbir Tiles & Ceramics Limited (note 6.1.1)	770,000	125,500	-	-	895,500	29,931	20,901	(9,030)	0.41	0.42	0.27
						-	-		<b>0.84</b>	<b>0.86</b>	<b>0.36</b>
<b>Leather and Tanneries</b>											
Service GlobalFootwear Limited	234,224	-	-	234,224	-	-	-	-	-	-	-
									-	-	-
<b>Miscellaneous</b>											
Pakistan Aluminium Beverage Cans Limited	-	674,760		674,760	-	-	-	-	-	-	-
Synthetic Products Enterprises Limited (note 6.1.1)	545	-	-	545	-	-	-	-	-	-	-
									-	-	-
<b>Oil and Gas Exploration Companies</b>											
Mari Petroleum Company Limited	286,581	55,100	-	35,440	306,241	473,961	506,593	32,632	10.03	10.24	0.23
Oil and Gas Development Company Limited	2,341,388	1,179,000	-	195,500	3,324,888	307,608	286,605	(21,003)	5.68	5.80	0.08
Pakistan Oilfields Limited	282,409	94,000	-	34,000	342,409	132,656	122,452	(10,204)	2.42	2.48	0.12
Pakistan Petroleum Limited	2,760,363	895,943	-	508,035	3,148,271	262,849	248,839	(14,010)	4.93	5.03	0.12
									<b>23.06</b>	<b>23.55</b>	<b>0.55</b>
<b>Oil and Gas Marketing Companies</b>											
Attock Petroleum Limited	39,138	-	-	-	39,138	12,564	12,289	(275)	0.24	0.25	0.04
Hascol Petroleum Limited (note 6.1.3) **	7,946	-	-	-	7,946	71	49	(22)	-	-	-
Pakistan State Oil Company Limited (note 6.1.3)	902,913	353,000	-	166,000	1,089,913	226,827	198,244	(28,583)	3.93	4.01	0.23
Hi-Tech Lubricants Limited	9,000	-	1,800	10,800	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	1,073,000	1,050,000	-	6,000	2,117,000	99,706	70,814	(28,892)	1.40	1.43	0.33
									<b>5.57</b>	<b>5.69</b>	<b>0.60</b>
<b>Paper and Board</b>											
Century Paper & Board Mills Limited	733,000	74,700	94,950	100,000	802,650	83,265	63,490	(19,775)	1.26	1.28	0.40
Cherat Packaging Limited	180	-	-	180	-	-	-	-	-	-	-
Packages Limited	221,928	23,500	-	12,250	233,178	126,218	115,952	(10,266)	2.30	2.34	0.26
Security Papers Limited	46,800	-	-	46,800	-	-	-	-	-	-	-
									<b>3.56</b>	<b>3.62</b>	<b>0.66</b>
<b>Pharmaceuticals</b>											
AGP Limited	476,250	-	-	476,250	-	-	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare	117,200	-	-	-	117,200	29,311	28,252	(1,059)	0.56	0.57	0.10
Highnoon Laboratories Limited (note 6.1.3)	1,926	-	-	-	1,926	1,156	1,209	53	0.02	0.02	0.01
IBL HealthCare Limited	163,500	-	17,400	119,500	61,400	5,686	4,304	(1,382)	0.09	0.09	0.09
The Searle Company Limited (note 6.1.3)	414,420	36,900	113,826	75,000	490,146	90,765	70,444	(20,321)	1.39	1.42	0.16
									<b>2.06</b>	<b>2.10</b>	<b>0.36</b>
<b>Power Generation and Distribution</b>											
K-Electric Limited (note 6.1.1)	13,887,500	2,318,500	-	233,000	15,973,000	65,244	54,947	(10,297)	1.09	1.11	0.06
The Hub Power Company Limited	1,801,316	1,360,000	-	144,907	3,016,409	236,222	215,191	(21,031)	4.26	4.35	0.23
									<b>5.35</b>	<b>5.46</b>	<b>0.29</b>
<b>Refinery</b>											
Attock Refinery Limited	40,000	75,000	-	115,000	-	-	-	-	-	-	-
Enerygco PK Limited (formerly Byco Petroleum Pakistan Limited)	3,160,000	6,850,000	-	1,390,000	8,620,000	83,252	58,702	(24,550)	1.16	1.19	0.16
National Refinery Limited	-	50,000		-	50,000	12,629	14,230	1,601	0.28	0.29	0.06
Pakistan Refinery Limited	-	850,000		850,000	-	-	-	-	-	-	-
									<b>1.44</b>	<b>1.48</b>	<b>0.22</b>
<b>Technology and Communication</b>											
Air Link Communication Limited	-	1,123,000	33,525	599,000	557,525	36,995	32,370	(4,625)	0.64	0.65	0.14
Avanceon Limited	507,128	50,000	-	557,128	-	-	-	-	-	-	-
Octopus Digital Limited		74,836	-	74,836	-	-	-	-	-	-	-
Systems Limited	319,175	30,000	-	65,700	283,475	164,905	215,396	50,491	4.27	4.35	0.21
TPL Trakker Limited	72,000	-	-	72,000	-	-	-	-	-	-	-
									<b>4.91</b>	<b>5.00</b>	<b>0.35</b>

Name of the investee company	As at July 1, 2021	Purchased during the period	Bonus / right shares	Sold / exercised during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market Value as at December 31, 2021	Unrealised (diminution) / appreciation as at December 31, 2021	Percentage in relation to		
									Net assets of the Fund	Market value of total investments	Paid-up capital of investee company (with face value of investment)
									----- (Number of shares) -----		

#### Textile Composite

Interloop Limited	1,623,500	536,000	56,685	-	2,216,185	153,570	161,094	7,524	3.19	3.26	0.25
Kohinoor Textile Mills Limited	40,000	214,500	-	75,500	179,000	14,761	12,426	(2,335)	0.25	0.25	0.06
Nishat Mills Limited	628,100	177,700	-	437,000	368,800	34,101	29,349	(4,752)	0.58	0.59	0.10
Feroze1888 Mills Limited	199,700	11,982	-	-	211,682	20,911	15,474	(5,437)	0.31	0.31	0.06
									<b>4.33</b>	<b>4.41</b>	<b>0.47</b>

#### Rights certificates

##### Textile Composite

Feroze1888 Mills Limited *	-	-	11,982	11,982	-	-	-	-	-	-	-
----------------------------	---	---	--------	--------	---	---	---	---	---	---	---

#### Total as at December 31, 2021

5,185,482 4,947,079 (238,403) 97.95 100.00

#### Total as at June 30, 2021

3,849,145 4,650,421 801,276 94.58 100.00

\*\* Nil figures due to rounding off difference

**6.1.1** All shares have a nominal value of Rs 10 each except for the shares of National Foods Limited, Dynea Pakistan Limited, Shabbir Tiles & Ceramics Limited and Synthetic Products Enterprises 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 202,000 shares (June 30, 2021: 202,000 shares) of Engro Corporation Limited, having market value of Rs 55.029 million (June 30, 2021: Rs 59.511 million) as at December 31, 2021, have been pledged as collateral in favour of National Clearing Company 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 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 Court 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 period were not withheld by the investee companies.

As at December 31, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 8.148 million (June 30, 2021: Rs. 9.261 million).



7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		(Rupees in '000)	
Remuneration payable	7.1	1,427	577
Sindh Sales Tax payable on remuneration of the Management Company		186	75
Allocated expenses payable	7.2	473	450
Selling and marketing expenses payable	7.3	14,978	11,878
Sales load payable		146	181
Sindh Sales Tax payable on sales load		19	24
		<u>17,229</u>	<u>13,185</u>

**7.1** As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (December 31, 2020: 2%) per annum of the average annual net assets of the Fund during the period ended December 31, 2021. The remuneration is payable to the Management Company monthly in arrears.

**7.2** 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 such expenses at the rate of 0.11% (December 31, 2020: 0.1%) of the average annual net assets of the Fund during the period ended December 31, 2021, subject to total expense charged being lower than actual expense incurred.

**7.3** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of 1% (December 31, 2020: 0.4%) per annum of the average annual net assets of the Fund during the period ended December 31, 2021, subject to total expense charged being lower than actual expense incurred.

8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund (SWWF)	8.1	-	77,691
Auditors' remuneration payable		384	585
Brokerage payable		6,433	5,236
Shariah advisor fee payable		186	209
Charity payable		9,129	9,024
Capital gain tax payable		1,029	1,469
Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	8.2	37,524	37,524
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	8.2	3,732	3,732
Zakat payable		58	60
		<u>58,475</u>	<u>135,530</u>

**8.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.



During the current period, SRB through its letter dated August 12, 2021 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 taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the condensed interim financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution, the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 41.256 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2021 would have been higher by Re 0.14 (June 30, 2021: Re 0.15) per unit.

## **9. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

## **10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, any entity in which the Management Company, its CISOs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons 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 also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.

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

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

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



**Balances**

**December 31,  
2021  
(Unaudited)  
(Rupees in '000)**

**June 30,  
2021  
(Audited)**

**Al Meezan Investment Management Limited - Management Company**

Remuneration payable  
Sindh Sales Tax payable on remuneration of the Management Company  
Sales load payable  
Sindh Sales Tax payable on sales load  
Selling and marketing expenses payable  
Allocated expenses payable  
Investment of 21,384,828 units (June 30, 2021: 24,508,118 units)

1,427	577
186	75
146	181
19	24
14,978	11,878
473	450
365,794	432,484

**Meezan Bank Limited**

Profit receivable on saving account  
Balances with bank  
Sales load payable  
Sindh Sales Tax on sales load payable  
Shariah advisor fee payable  
Investment of 2,285,548 shares (June 30, 2021: 2,143,955 shares)  
Investment of 22,984,581 units ( June 30, 2021: 22,984,581 units)

71	64
12,561	11,958
38	89
5	12
186	209
306,515	247,434
393,158	405,599

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

Security deposits  
Remuneration payable  
Sindh Sales Tax payable on remuneration of the Trustee

238	238
517	493
67	64

**MSAF- Meezan Strategic Allocation Plan- I**

Investment of 9,530,913 units (June 30, 2021: 9,530,913 units)

163,029	168,188
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**MSAF - Meezan Strategic Allocation Plan II**

Investment of 3,453,209 units (June 30, 2021: 11,986,975 units)

59,068	211,529
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**MSAF - Meezan Strategic Allocation Plan - III**

Investment of 2,682,179 units ( June 30,2021: 2,701,461 units)

45,879	47,672
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**MSAF- Meezan Strategic Allocation Plan IV**

Investment of 1,896,388 units (June 30, 2021: 2,774,152 units)

32,438	48,954
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**MSAF - Meezan Strategic Allocation Plan - V**

Investment of 130,368 units (June 30,2021: 130,368 units)

2,230	2,301
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**Meezan Financial Planning Fund of Funds - MAAP - I**

Investment of 1,379,799 units ( June 30, 2021: 3,758,262 units)

23,602	66,320
--------	--------

**Pakistan Kuwait Investment Company (Private) Limited**

Investment of 16,895,690 units (June 30, 2021: 16,895,690 units)

289,006	298,151
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**Directors and executives of the Management Company**

Investment of 7,516,606 units (June 30 2021: 7,030,082 units)

128,574	124,057
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**Al Meezan Investment Management Limited - Employees Gratuity Fund**

Investment of 438,459 units (June 30 2021: 438,459 units)

7,500	7,737
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**Transactions during the period**
**Six months period ended**
**December 31,**
**2021                      2020**
**(Unaudited)**
**(Rupees in '000)**
**Al Meezan Investment Management Limited - Management Company**

Remuneration of the Management Company	48,593	45,556
Sindh Sales Tax on remuneration of the Management Company	6,317	5,922
Allocated expenses	2,673	2,278
Selling and marketing expense	24,297	9,111
Units issued: 839,960 units (December 31, 2020: 2,282,882 units)	15,000	35,000
Units redeemed: 3,963,250 units (December 31, 2020: nil units)	70,000	-

**Meezan Bank Limited**

Profit on savings account	181	183
Shariah advisor fee	247	269
Shares purchased: 250,000 shares ( December 31, 2020: 280,000 shares)	34,600	24,279
Shares sold: 400,000 shares ( December 31, 2020: 55,000 shares)	57,349	4,739
Bonus shares received: 291,593 shares (December 31, 2020: 154,905 shares)	-	-
Dividend income from shares	6,344	6,916

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

Remuneration of the Trustee	2,934	2,782
Sindh Sales Tax on remuneration of the Trustee	381	362
CDS charges	159	90

**MSAF - Meezan Strategic Allocation Plan - I**

Issuance of nil units (December 31, 2020: 994,191 units)	-	15,400
Units redeemed: nil units (December 31, 2020: 1,168,168 units)	-	17,000

**MSAF - Meezan Strategic Allocation Plan - II**

Units issued: 611,135 units (December 31, 2020: 156,755 units)	11,000	2,600
Units redeemed: 9,144,901 units (December 31, 2020: 3,180,930 units)	165,000	49,000

**MSAF - Meezan Strategic Allocation Plan - III**

Units issued: 611,135 (December 31, 2020: 822,633 units)	11,000	13,400
Units redeemed: 630,417 units (December 31, 2020: nil units)	11,000	-

**MSAF - Meezan Strategic Allocation Plan IV**

Units issued: nil units (December 31, 2020: 96,465 units)	-	1,600
Units redeemed: 877,764 units (December 31, 2020: 2,635,324 units)	15,930	40,000

**Meezan Financial Planning Fund of Funds - MAAP - I**

Units issued: nil units (December 31, 2020: 42,203 units)	-	700
Units redeemed: 2,378,463 units (December 31, 2020: 1,215,052 units)	40,320	20,000

**Meezan Financial Planning Fund of Funds - MAAP - V**

Units issued: nil units (December 31, 2020: 36,174 units)	-	600
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**Al Meezan Investment Management Limited - Employees Gratuity Fund**

Units issued: nil units (December 31, 2020: 438,459 units)	-	7,000
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**Directors and executives of the Management Company**

Units issued: 965,445 units (December 31, 2020: 4,494,453 units)	16,911	66,610
Units redeemed: 478,921 units (December 31, 2020: 1,391,474 units)	8,155	21,972

	As at June 30, 2021			
ASSETS	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>Financial assets 'at fair value through profit or loss'</b>				
Shares of listed companies - 'ordinary shares'	4,650,421	-	-	4,650,421



**14. GENERAL**

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

**15. DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on February 14, 2022 by the Board of Directors of the Management Company.

**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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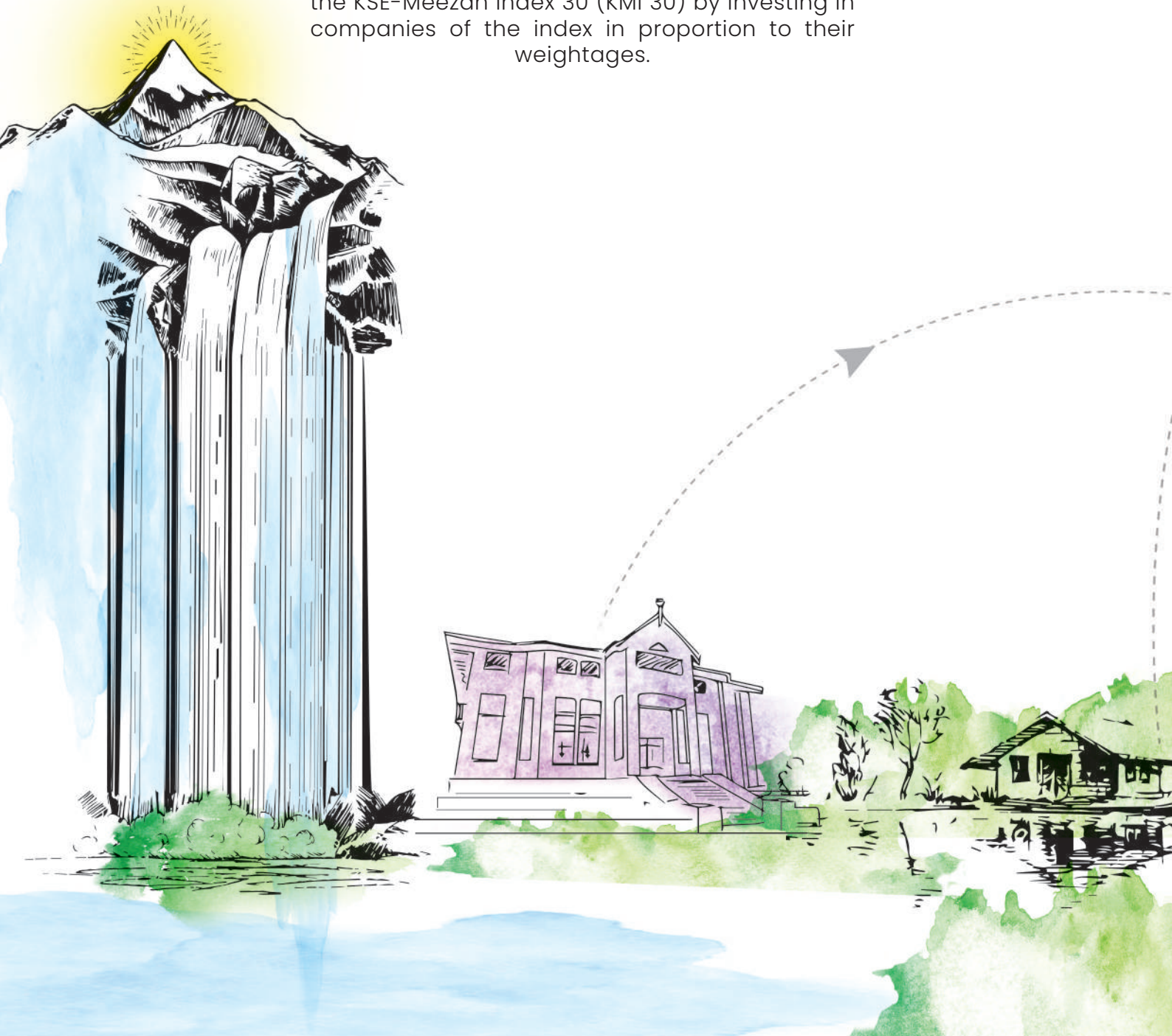
**Director**



**Al Meezan**  
Investment Management Ltd.

# KSE-MEEZAN INDEX FUND (KMIF)

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



ONE OF THE MOST  
**SOUGHT-AFTER**  
TOURIST DESTINATION





# FUND INFORMATION

## MANAGEMENT COMPANY

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

## COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Salman Muslim

## CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Shahid Ojha

## AUDIT COMMITTEE

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

## RISK MANAGEMENT COMMITTEE

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

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## TRUSTEE

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

## AUDITORS

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

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Habib Metropolitan Bank Limited - Islamic  
Banking Meezan Bank Limited  
National Bank of Pakistan - Islamic Banking

## LEGAL ADVISER

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

**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**KSE MEEZAN INDEX FUND**

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

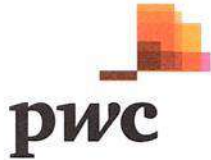
We, Central Depository Company of Pakistan Limited, being the Trustee of KSE Meezan Index Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 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, February 23, 2022





**REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **KSE Meezan Index Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2021. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

*Affagun & Co.*

A.F. Ferguson & Co.  
Chartered Accountants  
Engagement Partner: **Khattab Muhammad Akhi Baig**  
Date: February 26, 2022  
Karachi



**KSE MEEZAN INDEX FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT DECEMBER 31, 2021**

		<b>December 31, 2021 (Unaudited)</b>	<b>June 30, 2021 (Audited)</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>Assets</b>			
Balances with banks	5	12,664	22,649
Investments	6	2,766,512	2,697,866
Receivable against sale of investments		-	24,234
Receivable against conversion of units		216	1,182
Dividend receivable		912	4,155
Deposits, prepayments and other receivables		2,658	2,684
<b>Total assets</b>		<b>2,782,962</b>	<b>2,752,770</b>
<b>Liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company	7	1,092	905
Payable to Central Depository Company of Pakistan Limited - Trustee		355	349
Payable to Meezan Bank Limited		45	253
Payable to the Securities and Exchange Commission of Pakistan		288	489
Payable against redemption and conversion of units		1,705	1,923
Payable against purchase of investments		-	12,393
Accrued expenses and other liabilities	8	15,458	39,954
<b>Total liabilities</b>		<b>18,943</b>	<b>56,266</b>
<b>Net assets</b>		<b>2,764,019</b>	<b>2,696,504</b>
<b>Contingencies and commitments</b>	9		
<b>Unit holders' fund (as per statement attached)</b>		<b>2,764,019</b>	<b>2,696,504</b>
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>40,515,318</b>	<b>37,003,744</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>68.2216</b>	<b>72.8711</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director

**KSE MEEZAN INDEX FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

		Six months period ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
Note		(Rupees in '000)			
<b>Income</b>					
		(44,371)	113,952	(43,202)	95,461
		109,550	62,570	58,140	48,141
		247	296	67	157
		1,361	1,656	333	949
		66,787	178,474	15,338	144,708

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**KSE MEEZAN INDEX FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

	<u>Six months period ended,</u> <u>December 31,</u>		<u>Quarter ended,</u> <u>December 31,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>(Rupees in '000)</u>		<u>(Rupees in '000)</u>	
<b>Net (loss) / income for the period after taxation</b>	(190,921)	520,553	(33,005)	200,316
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(190,921)</u>	<u>520,553</u>	<u>(33,005)</u>	<u>200,316</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director

**KSE MEEZAN INDEX FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Six months period ended December 31, 2021			Six months period ended December 31, 2020		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	(Accumulated loss) / undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the period</b>	2,559,822	136,682	2,696,504	2,094,337	(237,164)	1,857,173
Issuance of 7,513,151 units (2020: 10,537,160 units)						
- Capital value (at net asset value per unit at the beginning of the period)	547,492	-	547,492	562,820	-	562,820
- Element of (loss) / income	(2,688)	-	(2,688)	103,205	-	103,205
Total proceeds on issuance of units	544,804	-	544,804	666,025	-	666,025
Redemption of 4,001,577 units (2020: 8,074,260 units)						
- Capital value (at net asset value per unit at the beginning of the period)	291,599	-	291,599	431,270	-	431,270
- Element of (income) / loss	(5,231)	-	(5,231)	51,536	24,120	75,656
Total payments on redemption of units	286,368	-	286,368	482,806	24,120	506,926
Total comprehensive (loss) / income for the period	-	(190,921)	(190,921)	-	520,553	520,553
Distribution during the period	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(190,921)	(190,921)	-	520,553	520,553
<b>Net assets at the end of the period</b>	<b>2,818,258</b>	<b>(54,239)</b>	<b>2,764,019</b>	<b>2,277,556</b>	<b>259,269</b>	<b>2,536,825</b>
<b>Undistributed income / (accumulated loss) brought forward</b>						
- Realised loss		(267,341)			(138,664)	
- Unrealised income / (loss)		404,023			(98,500)	
		136,682			(237,164)	
Accounting income available for distribution						
- Relating to capital gains	-			488,740		
- Excluding capital gains	-			7,693		
				496,433		
Net loss for the period after taxation		(190,921)			-	
Distribution during the period		-			-	
Undistributed income carried forward		(54,239)			259,269	
<b>(Accumulated loss) / undistributed income carried forward</b>						
- Realised income / (loss)		201,119			(115,519)	
- Unrealised (loss) / income		(255,358)			374,788	
		(54,239)			259,269	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			72.8711			53.4129
Net asset value per unit at the end of the period			68.2216			68.1338

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director





**KSE MEEZAN INDEX FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

Note	Six months period ended	
	December 31,	
	2021	2020
	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period before taxation	(190,921)	520,553
<b>Adjustments for:</b>		
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	255,358	(374,788)
	64,437	145,765
<b>(Increase) / decrease in assets</b>		
Investments - net	(324,004)	(311,061)
Receivable against sale of investments	24,234	-
Dividend receivable	3,243	4,243
Deposits, prepayments and other receivables	26	(28)
	(296,501)	(306,846)
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited - Management Company	187	(1,211)
Payable to Central Depository Company of Pakistan Limited - Trustee	6	69
Payable to Meezan Bank Limited	(208)	(75)
Payable to the Securities and Exchange Commission of Pakistan	(201)	(117)
Payable against purchase of investments	(12,393)	(10,942)
Accrued expenses and other liabilities	(24,496)	13,431
	(37,105)	1,155
<b>Net cash used in operating activities</b>	(269,169)	(159,926)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt against issuance of units	545,770	666,015
Payment against redemption of units	(286,586)	(506,558)
<b>Net cash generated from financing activities</b>	259,184	159,457
<b>Net decrease in cash and cash equivalents during the period</b>	(9,985)	(469)
Cash and cash equivalents at beginning of the period	22,649	46,350
<b>Cash and cash equivalents at the end of the period</b>	12,664	45,881

5

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director

**KSE MEEZAN INDEX FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** KSE Meezan Index Fund (the Fund) was established under a Trust Deed executed under Trust Act, 1882 between Al Meezan Investment Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on March 13, 2012 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations, 2008). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Consequently, the Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Fund is a Shariah Compliant Index Fund that aims to provide investors an opportunity to track closely the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as a Shariah Compliant Index Fund.
- 1.4** The Management Company has been assigned a quality rating of AM1 by VIS dated December 27, 2021 (2020: AM1 dated December 31, 2020) 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.

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, 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.



The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES**

**4.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

**4.2** The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2021.

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

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, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

<b>5</b>	<b>BALANCES WITH BANKS</b>	<b>Note</b>	<b>December 31,</b>	<b>June 30,</b>
			<b>2021</b>	<b>2021</b>
			<b>(Unaudited)</b>	<b>(Audited)</b>
			<b>(Rupees in '000)</b>	
	In savings accounts	5.1	7,828	17,992
	In current accounts		4,836	4,657
			<u>12,664</u>	<u>22,649</u>

**5.1** This includes balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.5% (2020: 2.5%) per annum. Other balances in savings accounts have an expected profit ranging from 2.5% to 2.90% (2020: 1.5% to 2.50%) per annum.

<b>6</b>	<b>INVESTMENTS</b>	<b>Note</b>	<b>December 31,</b>	<b>June 30,</b>
			<b>2021</b>	<b>2021</b>
			<b>(Unaudited)</b>	<b>(Audited)</b>
			<b>(Rupees in '000)</b>	
	<b>Investments at 'fair value through profit or loss'</b>			
	Shares of listed companies - 'ordinary shares'	6.1	<u>2,766,512</u>	<u>2,697,866</u>

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

Name of the investee company	As at July 1, 2021	Purchases during the period	Rights / bonus issue	Sales during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised (diminutio n) /appreciati o-n as at December	Percentage in relation to		
									Total market value of investments	Net assets of the Fund	Paid-up capital of investee company (with face value of investment)
----- Number of shares -----						----- (Rupees in '000) -----			----- % -----		
Sectors / companies											
Automobile Assembler											
Honda Atlas Cars (Pakistan) Limited	80,100	19,300	-	99,400	-	-	-	-	-	-	-
Ghandhara Industries Limited	35,700	15,700	-	10,700	40,700	10,669	7,194	(3,475)	0.26	0.26	0.10
Milat Tractors Limited	78,853	13,760	17,682	3,100	107,195	96,550	92,428	(4,122)	3.34	3.34	0.22
									3.60	3.60	0.32
Bank											
Meezan Bank Limited (a related party of the Fund)	995,813	176,917	164,017	42,217	1,294,530	133,369	173,609	40,240	6.28	6.28	0.09
									6.28	6.28	0.09
Cable And Electrical Goods											
Pak Elektron Limited	698,803	149,000	-	59,500	788,303	27,131	17,753	(9,378)	0.64	0.64	0.16
									0.64	0.64	0.16
Cement											
Cherat Cement Company Limited	328,201	54,200	-	10,700	371,701	65,326	55,127	(10,199)	1.99	1.99	0.19
D.G. Khan Cement Company Limited	616,111	100,725	-	21,145	695,691	80,910	57,701	(23,209)	2.09	2.09	0.16
Fauji Cement Company Limited	2,131,875	367,500	-	85,500	2,413,875	54,908	44,343	(10,565)	1.60	1.60	0.17
Pioneer Cement Limited	-	392,300	-	30,500	361,800	27,548	32,110	4,562	1.16	1.16	0.16
Lucky Cement Limited	318,493	51,941	-	10,567	359,867	309,561	244,450	(65,111)	8.84	8.84	0.11
Maple Leaf Cement Factory Limited	1,390,639	231,546	-	50,709	1,571,476	72,817	56,495	(16,322)	2.04	2.04	0.14
									17.72	17.72	0.93
Chemical											
Engro Polymer & Chemicals Limited	894,271	161,000	-	44,000	1,011,271	48,670	54,821	6,151	1.98	1.98	0.11
									1.98	1.98	0.11
Engineering											
International Industries Limited	203,800	35,700	-	7,800	231,700	48,356	32,162	(16,194)	1.16	1.16	0.18
International Steels Limited	429,713	71,260	-	18,208	482,765	44,703	31,920	(12,783)	1.15	1.15	0.11
									2.31	2.31	0.29
Fertilizer											
Engro Corporation Limited	891,557	154,932	-	38,908	1,007,581	296,345	274,485	(21,860)	9.92	9.93	0.17
Engro Fertilizers Limited	1,690,607	286,847	-	65,416	1,912,038	135,318	145,487	10,169	5.26	5.26	0.14
									15.18	15.19	0.31
Oil And Gas Exploration Companies											
Mari Petroleum Company Limited (note 6.1.2)	75,065	12,220	-	2,360	84,925	129,908	140,485	10,577	5.08	5.08	0.06
Oil & Gas Development Company Limited (note 6.1.3)	1,813,235	319,655	-	80,362	2,052,528	194,092	176,928	(17,164)	6.40	6.40	0.05
Pakistan Oilfields Limited	365,459	59,877	-	12,419	412,917	162,187	147,667	(14,520)	5.34	5.34	0.15
Pakistan Petroleum Limited (note 6.1.3)	1,874,578	329,435	-	82,803	2,121,210	183,001	167,660	(15,341)	6.06	6.07	0.08
									22.88	22.89	0.34
Oil And Gas Marketing Companies											
Hascol Petroleum Limited (note 6.1.2)	471	-	-	-	471	4	3	(1)	-	-	-
Pakistan State Oil Company Limited	593,789	98,486	-	20,734	671,541	149,821	122,147	(27,674)	4.42	4.42	0.14
Sui Northern Gas Pipelines Limited	802,507	138,569	-	941,076	-	-	-	-	-	-	-
									4.42	4.42	0.14
Pharmaceuticals											
The Searle Company Limited (note 6.1.2)	303,324	51,496	102,422	10,827	446,415	82,823	64,159	(18,664)	2.32	2.32	0.21
									2.32	2.32	0.21
Power Generation & Distribution											
The Hub Power Company Limited	2,736,859	470,235	-	114,292	3,092,802	245,556	220,640	(24,916)	7.98	7.98	0.24
									7.98	7.98	0.24
Refinery											
Attock Refinery Limited	120,056	21,636	-	5,083	136,609	34,295	19,676	(14,619)	0.71	0.71	0.13
Cnergyco PK Limited (Formerly Byco petroleum Limited)	-	5,627,500	-	545,500	5,082,000	32,282	34,608	2,326	1.25	1.25	0.10
National Refinery Limited	73,400	12,717	-	2,829	83,288	42,126	23,703	(18,423)	0.86	0.86	0.10
									2.82	2.82	0.33
Technology & Communication											
Avanceon Limited	168,500	222,800	-	52,200	339,100	32,344	30,899	(1,445)	1.12	1.12	0.13
Systems Limited (note 6.1.3)	229,000	41,699	-	7,097	263,602	151,024	200,295	49,271	7.24	7.25	0.21
									8.36	8.37	0.34

Name of the investee company	As at July 1, 2021	Purchases during the period	Rights / Bonus issue	Sales during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised (diminution) / appreciation as at December	Percentage in relation to		
									Total market value of investments	Net assets of the Fund	Paid-up capital of investee company (with face value of investment)
									----- Number of shares -----		
<b>Textile Composite</b>											
Nishat Mills Limited	444,550	79,700	-	21,400	502,850	46,968	40,017	(6,951)	1.45	1.45	0.14
Azgard Nine Limited	-	1,303,500	-	140,000	1,163,500	14,022	15,230	1,208	0.55	0.55	19.50
									2.00	2.00	19.64
<b>Transport</b>											
Pakistan International Bulk Terminal Limited	2,510,000	411,500	-	2,921,500	-	-	-	-	-	-	-
									-	-	-
<b>Food and Personal Care Products</b>											
Unity Foods Limited	1,535,536	262,389		213,573	1,584,352	69,236	41,938	(27,298)	1.52	1.52	0.16
									1.52	1.52	0.16
<b>Rights Certificate</b>											
Unity Foods Limited	-	-	351,364	-	351,364	-	372	372			
<b>Total as at December 31, 2021</b>						<b>3,021,870</b>	<b>2,766,512</b>	<b>(255,358)</b>	<b>100</b>		
<b>Total as at June 30, 2021</b>						<b>2,293,843</b>	<b>2,697,866</b>	<b>404,023</b>			

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

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

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a 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 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 period were not withheld by the investee companies.

As at December 31, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.282 million (June 30, 2021: Rs. 1.416 million).

**6.1.3** Investments include 682,000 shares (June 30, 2021: 682,000 shares) of Pakistan Petroleum Limited having market value of Rs 53.91 million as at December 31, 2021 (June 30, 2021: Rs 59.218 million), 80,000 shares (June 30, 2021: 80,000 shares) of Oil and Gas Development Company Limited having market value of Rs 6.9 million as at December 31, 2021 (June 30, 2021: Rs 7.602 million) and 100,000 shares (June 30, 2021: nil) of Systems Limited having market value of Rs 75.9 million as at December 31, 2021 (June 30, 2021: nil), which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.



7	<b>PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<b>Note</b>	<b>December 31, 2021 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2021 (Audited)</b>
	Remuneration of Al Meezan Investment Management Limited - Management Company	7.1	383	155
	Sindh Sales Tax payable on remuneration of the Management Company		50	20
	Allocated expenses payable	7.2	254	251
	Sales load payable		358	424
	Sindh Sales Tax payable on sales load		47	55
			<u>1,092</u>	<u>905</u>

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

**7.2** 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 charges allocated expense at a rate of 0.11% (2020: 0.1%) per annum of the average annual net assets of the scheme for allocation of such expenses to the Fund subject to the total expense charged being lower than actual expense incurred.

8	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>December 31, 2021 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2021 (Audited)</b>
	Provision for Sindh Workers' Welfare Fund	8.1	-	23,931
	Charity payable		5,764	4,942
	Auditors' remuneration payable		254	279
	Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	8.2	5,741	5,741
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	8.2	497	497
	Withholding tax and capital gain tax payable		400	932
	Brokerage payable		2,410	3,193
	Shariah advisory fee payable		254	263
	Printing charges payable		124	124
	Zakat payable		14	52
			<u>15,458</u>	<u>39,954</u>

**8.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 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 taken up with the SECP and all the Asset Management Companies, in consultation with the 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 also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the condensed interim financial statements of the Fund.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 6.238 million is being retained in the condensed interim 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 0.15 (June 30, 2021: Re 0.17) per unit.

## **9 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

## **10 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

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 also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.

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.

Details of transactions with connected persons and balances with them are as follows:

<b>Balances</b>	<b>December 31, 2021 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2021 (Audited) (Rupees in '000)</b>
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	383	155
Sindh Sales Tax on management fee payable	50	20
Sales load payable	358	424
Sindh Sales Tax on sales load payable	47	55
Allocated expenses payable	254	251
Investment of 13,952,768 units (June 30, 2021: 13,952,768 units)	951,880	1,016,754
<b>Meezan Bank Limited</b>		
Sales load payable	40	224
Sindh Sales Tax on sales load payable	5	29
Bank balance	7,073	16,436
Profit receivable on savings account	11	25
Shariah advisor fee payable	254	263
Investment of 2,113,224 units (June 30, 2021: 2,113,224 units)	144,168	153,993
Investment in 1,294,530 shares (June 30, 2021: 995,813 shares)	173,609	114,927
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	295	289
Sindh Sales Tax on trustee fee payable	60	60
Security deposit	103	103
<b>Al Meezan Investment Management Limited (Gratuity Fund)</b>		
Investment of 133,559 units (June 30, 2021: 133,559 units)	9,112	9,733
<b>Directors and their close family members and key management</b>		
Investment of 1,145,495 units (June 30, 2021: 1,136,665 units)	78,148	82,830
<b>Unit holders holding 10% or more units of the Fund</b>		
Investment of 13,929,284 units (June 30, 2021: 9,725,890 units)	950,278	708,736
<b>Meezan Strategic Allocation Fund MSAP-I</b>		
Investment as at December 31, 2021: nil units (June 30, 2021: 70,737 units)	-	5,155
<b>Meezan Strategic Allocation Fund MSAP-II</b>		
Investment as at December 31, 2021: nil units (June 30, 2021: 159,765 units)	-	11,642
<b>Meezan Strategic Allocation Fund MSAP-III</b>		
Investment as at December 31, 2021: 106,249 units (June 30, 2021: 159,037 units)	7,248	11,589
<b>Meezan Strategic Allocation Fund MSAP-IV</b>		
Investment as at December 31, 2021: 13,634 units (June 30, 2021: 13,634 units)	930	994
<b>Meezan Strategic Allocation Fund MSAP-V</b>		
Investment as at December 31, 2021: 28,295 units (June 30, 2021: 28,295 units)	1,930	2,062
<b>Transactions during the period</b>	<b>Six months period ended December 31,</b>	<b>2020</b>
	<b>2021</b>	<b>(Unaudited)</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited - the Management Company</b>		
Remuneration for the period	14,409	11,278
Sindh Sales Tax on remuneration of the Management Company	1,873	1,466
Allocated expenses	1,585	1,128
Units issued: nil units (2020: 2,160,034 units)	-	133,000
Units redeemed: nil units (2020: 151,053 units)	-	9,200



**Transactions during the period**

**Six months period ended  
December 31,**  
**2021                      2020**  
**(Unaudited)**  
**(Rupees in '000)**

**Meezan Bank Limited**

Profit on savings account

Dividend income

Shares purchased: 176,917 shares (2020: 356,789 shares)

Shares sold: 42,217 shares (2020: 115,391 shares)

Bonus shares received: 164,017 shares (2020: 93,750 shares)

Sharia advisory fee

67	79
3,563	4,368
22,963	27,816
5,819	10,617
-	-
261	268

**Central Depository Company of Pakistan Limited - the Trustee**

Trustee fee

Sindh Sales Tax on trustee fee for the period

CDS charges

1,945	1,631
253	212
83	87

**Directors and their close family members and key management personnel**

Units issued: 8,830 units (2020: 190,657 units)

Units redeemed: nil units (2020: 6,775 units)

625	12,785
-	395

**Meezan Strategic Allocation Fund MSAP-I**

Units redeemed: 70,737 units (2020: nil units)

5,048	-
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**Meezan Strategic Allocation Fund MSAP-II**

Units issued: 136,326 units (2020: nil units)

Units redeemed: 296,091 units (2020: nil units)

10,000	-
21,546	-

**Meezan Strategic Allocation Fund MSAP-III**

Units issued: 95,507 units (2020: nil units)

Units redeemed: 148,295 units (2020: nil units)

7,000	-
11,000	-

**11 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 tradeable in an open market are revalued at 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.

**11.1 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: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using 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).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2021 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

As at December 31, 2021			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			
Shares of listed companies - 'ordinary shares'	2,766,512	-	2,766,512
As at June 30, 2021			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			
Shares of listed companies - 'ordinary shares'	2,697,866	-	2,697,866

## 12 TOTAL EXPENSE RATIO

The annualised Total Expense Ratio (TER) of the Fund as at December 31, 2021 is 1.82% (2020: 2.43%) which includes 0.16% (2020: 0.68%) representing government levies on the Fund such as Sales Taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Index Scheme.

## 13 TAXATION

The Fund's income is exempt from income tax as per 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 the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute at least 90 percent of the net accounting income other than capital gains to the unit holders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the period.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 14. GENERAL

Figures have been rounded off to the nearest thousand rupees.

## 15 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 14, 2022 by the Board of Directors of the Management Company.

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

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

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

\_\_\_\_\_  
Director





**Al Meezan**  
Investment Management Ltd.

# MEEZAN ENERGY FUND (MEF)

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



# CURRENT ACCOUNT DEFICIT LOWEST IN



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Salman Muslim

## CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Shahid Ojha

## AUDIT COMMITTEE

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

## RISK MANAGEMENT COMMITTEE

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

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## TRUSTEE

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

## AUDITORS

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

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Allied Bank Limited  
Al Baraka Islamic Bank B.S.C (E.C)  
Bank Al Habib Limited - Islamic Banking  
Habib Metropolitan Bank Limited - Islamic Banking  
Meezan Bank Limited

## LEGAL ADVISER

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



**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ENERGY FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Energy Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 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, February 23, 2022



**REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Energy Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2021. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

*A.F. Ferguson & Co.*

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Khattab Muhammad Akhi Baig**

Date: February 26, 2022

Karachi





**MEEZAN ENERGY FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT DECEMBER 31, 2021**

		<b>December 31, 2021 (Unaudited)</b>	<b>June 30, 2021 (Audited)</b>
	<b>Note</b>	<b>(Rupees in '000)</b>	
<b>Assets</b>			
Balances with banks	5	13,509	18,782
Investments	6	493,545	578,360
Receivable against conversion of units		531	8,251
Dividend receivable		197	1,764
Advances, deposit and other receivables		3,078	4,094
Preliminary expenses and floatation costs		-	83
<b>Total assets</b>		<b>510,860</b>	<b>611,334</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	7	859	761
Payable to Central Depository Company of Pakistan Limited - Trustee		97	113
Payable to Meezan Bank Limited		12	33
Payable to the Securities and Exchange Commission of Pakistan		53	105
Payable against conversion and redemption of units		74	20,927
Accrued expenses and other liabilities	8	2,610	5,085
<b>Total liabilities</b>		<b>3,705</b>	<b>27,024</b>
<b>Net assets</b>		<b>507,155</b>	<b>584,310</b>
<b>Contingencies and commitments</b>	9		
<b>Unit holders' funds (as per statement attached)</b>		<b>507,155</b>	<b>584,310</b>
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>15,843,191</b>	<b>17,035,689</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>32.0109</b>	<b>34.2992</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director

**MEEZAN ENERGY FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

		Six months period ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
Note		(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
	Net realised (loss) / gain on sale of investments	(3,200)	28,687	(698)	4,969
	Dividend income	24,848	12,059	12,581	11,596
	Profit on savings accounts with banks	266	334	151	122
		21,914	41,080	12,034	16,687
	Net unrealised (diminution) / appreciation on re-measurement re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1	(49,938)23,320	(6,742)	(15,041)
<b>Total (loss) / income</b>			(28,024)64,400	5,292	1,646
<b>Expenses</b>					
	Remuneration of Al Meezan Investment Management Limited - Management Company	7.1	5,3184,784	2,582	2,075
	Sindh Sales Tax on remuneration of the Management Company		691622	335	270
	Allocated expenses	7.2	293239	142	104
	Selling and marketing expenses	7.3	1,064957	517	415
	Remuneration of Central Depository Company of Pakistan Limited - Trustee		532478	258	207
	Sindh Sales Tax on remuneration of the Trustee		6962	33	27
	Annual fee to the Securities and Exchange Commission of Pakistan		5348	26	21
	Auditors' remuneration		197173	95	74
	Charity expense		1,024547	357	539
	Fees and subscription		285283	143	141
	Brokerage expense		5051,261	100	557
	Bank and settlement charges		198232	89	118
	Legal and professional charges		184-	-	-
	Amortisation of preliminary expenses and floatation costs (Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	8.1	(2,709)1,092	-	(59)
<b>Total expenses</b>			7,78710,878	4,710	4,539
<b>Net (loss) / income for the period before taxation</b>			(35,811)53,522	582	(2,893)
	Taxation	12	-	-	-
<b>Net (loss) / income for the period after taxation</b>			(35,811)53,522	582	(2,893)
<b>Allocation of net income for the period</b>					
	Net income for the period after taxation		-53,522		
	Income already paid on units redeemed		-(34,675)		
			-18,847		
<b>Accounting income available for distribution</b>					
	- Relating to capital gains		-18,847		
	- Excluding capital gains		-		
			-18,847		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN ENERGY FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

	Six months period ended, December 31,		Quarter ended, December 31,	
	2021	2020	2021	2020
	(Rupees in '000)		(Rupees in '000)	
<b>Net (loss) / income for the period after taxation</b>	(35,811)	53,522	582	(2,893)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(35,811)</u>	<u>53,522</u>	<u>582</u>	<u>(2,893)</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

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

**MEEZAN ENERGY FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	2021			2020		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the period</b>	974,734	(390,424)	584,310	964,237	(422,371)	541,866
Issuance of 14,061,413 units (2020: 32,897,931 units)						
- Capital value (at net asset value per unit at the beginning of the period)	482,295	-	482,295	987,596	-	987,596
- Element of (loss) / income	(21,772)	-	(21,772)	91,495	-	91,495
Total proceeds on issuance of units	460,523	-	460,523	1,079,091	-	1,079,091
Redemption of 15,253,911 units (2020: 38,214,265 units)						
- Capital value (at net asset value per unit at the beginning of the period)	523,197	-	523,197	1,147,192	-	1,147,192
- Element of (income) / loss	(21,330)	-	(21,330)	75,829	34,675	110,504
Total payments on redemption of units	501,867	-	501,867	1,223,021	34,675	1,257,696
Total comprehensive (loss) / income for the period	-	(35,811)	(35,811)	-	53,522	53,522
Distribution during the period	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(35,811)	(35,811)	-	53,522	53,522
<b>Net assets at the end of the period</b>	<b>933,390</b>	<b>(426,235)</b>	<b>507,155</b>	<b>820,307</b>	<b>(403,524)</b>	<b>416,783</b>
<b>Accumulated loss brought forward</b>						
- Realised loss		(390,627)			(422,342)	
- Unrealised income / (loss)		203			(29)	
		(390,424)			(422,371)	
<b>Accounting income available for distribution</b>						
- Relating to capital gains	-			18,847		
- Excluding capital gains	-			-		
	-			18,847		
Net loss for the period after taxation		(35,811)			-	
Accumulated loss carried forward		(426,235)			(403,524)	
<b>Accumulated loss carried forward</b>						
- Realised loss		(376,297)			(426,844)	
- Unrealised (loss) / income		(49,938)			23,320	
		(426,235)			(403,524)	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			34.2992			30.0200
Net asset value per unit at the end of the period			32.0109			32.7304

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN ENERGY FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

		Six months period ended December 31,	
	Note	2021	2020
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / income for the period before taxation		(35,811)	53,522
<b>Adjustments for:</b>			
Amortisation of preliminary expenses and floatation costs		83	100
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1	49,938	(23,320)
		14,210	30,302
<b>Decrease / (increase) in assets</b>			
Investments - net		34,877	144,074
Dividend receivable		1,567	(1,493)
Receivable against sale of investments		-	30,650
Advances, deposits and other receivables		1,016	32
		37,460	173,263
<b>Increase / (decrease) in liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company		98	(1,110)
Payable to Central Depository Company of Pakistan Limited - Trustee		(16)	191
Payable to Meezan Bank Limited		(21)	(345)
Payable to the Securities and Exchange Commission of Pakistan		(52)	(61)
Payable against purchase of investments - net		-	2,089
Accrued expenses and other liabilities		(2,475)	185
		(2,466)	949
<b>Net cash generated from operating activities</b>		49,204	204,514
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		468,243	1,084,429
Payment against redemption and conversion of units		(522,720)	(1,268,611)
<b>Net cash used in financing activities</b>		(54,477)	(184,182)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>		(5,273)	20,332
Cash and cash equivalents at the beginning of the period		18,782	3,214
<b>Cash and cash equivalents at the end of the period</b>	5	13,509	23,546

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN ENERGY FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Energy Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Company as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on September 09, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 26, 2016 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shariah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The objective of the Fund is to seek long term capital appreciation through investments in Shariah compliant equity stocks, primarily from the energy sector / segment / industry, as defined in the constitutive documents. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The Fund is categorised as an Open End Shariah Compliant (Islamic) Equity Scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 27, 2021 (2020: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2021 (2020: 'AM1' dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2. BASIS OF PRESENTATION**

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

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, 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.

The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

4.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

4.2 The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2021.

#### 4.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

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, 2021. However, these do not have any impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

		December 31, 2021 (Unaudited) (Rupees in '000)	June 30, 2021 (Audited) (Rupees in '000)
5.	<b>BALANCES WITH BANKS</b>	<b>Note</b>	
	Balances with banks in:		
	Savings accounts	5.1	11,931
	Current accounts		1,578
			<u>13,509</u>
			<u>18,782</u>

5.1 This includes a balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.50% (June 30, 2021: 2.50%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 2.35% to 11.50% (June 30, 2021: 2.24% to 7.20%) per annum.

		December 31, 2021 (Unaudited) (Rupees in '000)	June 30, 2021 (Audited) (Rupees in '000)
6.	<b>INVESTMENTS</b>	<b>Note</b>	
	<b>At fair value through profit or loss</b>		
	Shares of listed companies - 'ordinary shares'	6.1	<u>493,545</u>
			<u>578,360</u>

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

Name of the investee company	As at July 1, 2021	Purchased during the period	Bonus / right shares	Sold during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised appreciation / (diminution) as at December 31, 2021	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)

### Oil and Gas Exploration Companies

Mari Petroleum Company Limited (note 6.1.2)	57,143	5,840	-	7,600	55,383	84,753	91,616	6,863	18.06	18.56	0.04
Oil and Gas Development Company Limited	903,016	195,000	-	86,000	1,012,016	94,788	87,236	(7,552)	17.20	17.68	0.02
Pakistan Oilfields Limited (note 6.1.2)	226,280	-	-	57,500	168,780	66,476	60,359	(6,117)	11.90	12.22	0.06
Pakistan Petroleum Limited (note 6.1.2)	1,214,418	110,000	-	251,366	1,073,052	91,748	84,814	(6,934)	16.72	17.18	0.04
									<b>63.88</b>	<b>65.64</b>	<b>0.16</b>

### Oil and Gas Marketing Companies

Attock Petroleum Limited	31,500	-	-	-	31,500	10,112	9,891	(221)	1.95	2.00	0.03
Hascol Petroleum Limited *	4,011	-	-	-	4,011	36	25	(11)	-	0.01	-
Hi-Tech Lubricants Limited	86,000	-	17,200	50,000	53,200	3,144	2,314	(830)	0.46	0.47	0.04
Pakistan State Oil Company Limited (note 6.1.2 & 6.1.3)	363,878	45,000	-	187,000	221,878	47,417	40,357	(7,060)	7.96	8.18	0.05
Shell Pakistan Limited	23,800	-	-	23,800	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	487,300	155,000	-	100,000	542,300	26,632	18,140	(8,492)	3.58	3.68	0.09
Sui Southern Gas Company Limited	400,000	-	-	400,000	-	-	-	-	-	-	-
									<b>13.95</b>	<b>14.34</b>	<b>0.21</b>

### Power Generation and Distribution

The Hub Power Company Limited	526,444	390,000	-	-	916,444	71,742	65,379	(6,363)	12.89	13.25	0.07
K- Electric Limited (note 6.1.1)	2,953,500	1,000,000	-	500,000	3,453,500	13,747	11,880	(1,867)	2.34	2.41	0.01
									<b>15.23</b>	<b>15.66</b>	<b>0.08</b>

### Refinery

Attock Refinery Limited	39,500	-	-	39,500	-	-	-	-	-	-	-
Cnergyco PK Limited (Formerly Byco Petroleum Pakistan Limited)	1,330,000	1,800,000	-	455,000	2,675,000	27,547	18,217	(9,330)	3.59	3.69	0.05
Pakistan Refinery Limited	-	330,000	-	100,000	230,000	5,341	3,317	(2,024)	0.65	0.67	0.04
									<b>4.24</b>	<b>4.36</b>	<b>0.09</b>

### Total as at December 31, 2021

543,483	493,545	(49,938)	97.30	100.00
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### Total as at June 30, 2021

578,157	578,360	203	98.98	100.00
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\* Nil figures due to rounding off difference.

- 6.1.1** All shares have a nominal value of Rs 10 each except for the shares of K-Electric Limited which has face value of Rs 3.5 each.
- 6.1.2** Investments include 65,000 shares of Pakistan Petroleum Limited, 26,500 shares of Pakistan Oilfields Limited, 4,000 shares of Mari Petroleum Limited and 5,000 shares of Pakistan State Oil Company Limited, having market value of Rs 5.138 million, Rs. 9.477 million, Rs. 6.617 million and Rs. 0.909 million respectively as at December 31, 2021 (June 30, 2021: 65,000 shares of Pakistan Petroleum Limited, 26,500 shares of Pakistan Oilfields Limited, 4,000 shares of Mari Petroleum Limited and 5,000 shares of Pakistan State Oil Company Limited, having market value of Rs 5.644 million, Rs. 10.437 million, Rs. 6.098 million and Rs. 1.121 million respectively) 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 had 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 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 period were not withheld by the investee companies.

As at December 31, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.06 million (June 30, 2021: Rs. 1.308 million).

		December 31, 2021 (Unaudited) (Rupees in '000)	June 30, 2021 (Audited)
<b>7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<b>Note</b>		
Remuneration payable	7.1	140	67
Sindh Sales Tax payable on remuneration of the Management Company		18	9
Allocated expenses payable	7.2	47	55
Selling and marketing expenses payable	7.3	643	601
Sales load payable		10	26
Sindh Sales Tax payable on sales load		1	3
		<u>859</u>	<u>761</u>
<b>7.1</b>	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% (December 31, 2020: 2%) per annum of the average annual net assets of the Fund during the period ended December 31, 2021. The remuneration is payable to the Management Company monthly in arrears.		
<b>7.2</b>	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 such expenses at the rate of 0.11% (December 31, 2020: 0.1%) of the average annual net assets of the Fund during the period ended December 31, 2021, subject to total expense charged being lower than actual expense incurred.		
<b>7.3</b>	In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of 0.4% (December 31, 2020: 0.4%) per annum of the average annual net assets of the Fund during the period ended December 31, 2021, subject to total expense charged being lower than actual expense incurred.		

8.	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31,	June 30,
			2021 (Unaudited) (Rupees in '000)	2021 (Audited)
	Provision for Sindh Workers' Welfare Fund	8.1	-	2,709
	Auditors' remuneration payable		168	195
	Brokerage payable		415	624
	Shariah advisor fee payable		267	266
	Charity payable		1,665	1,041
	Capital gain tax payable		56	186
	Zakat payable		-	30
	Printing charges payable		39	34
			<u>2,610</u>	<u>5,085</u>

- 8.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 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 taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the condensed interim financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

## 9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

## 10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

Transactions with connected persons 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 also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.





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

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

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

#### Balances

	December 31, 2021 (Unaudited) (Rupees in '000)	June 30, 2021 (Audited)
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	140	67
Sindh Sales Tax payable on remuneration of the Management Company	18	9
Sales load payable	10	26
Sindh Sales Tax payable on sales load	1	3
Allocated expenses payable	47	55
Selling and marketing expenses payable	643	601
Investment of 2,670,254 units (June 30, 2021: 3,263,145 units)	85,477	111,923
<b>Meezan Bank Limited</b>		
Balances with bank	5,255	17,265
Profit receivable on savings account	14	72
Sales load payable	11	29
Sindh Sales Tax on sales load payable	1	4
Shariah advisor fee payable	267	266
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	86	100
Sindh Sales Tax payable on remuneration of the Trustee	11	13
Security deposit	100	100
<b>Directors and executives of the Management Company</b>		
Investment of 149,661 units (June 30, 2021: 219,868 units)	4,791	7,541
<b>Unit holders holding 10% or more of units of the Fund</b>		
Investment of 4,298,505 units (June 30, 2021: 4,298,505 units)	137,599	147,435

#### Transactions during the period

	Six months period ended December 31, 2020 2021 (Unaudited) (Rupees in '000)	
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration of the Management Company	5,318	4,784
Sindh Sales Tax on remuneration of the Management Company	691	622
Allocated expenses	293	239
Selling and marketing expenses	1,064	957
Units issued: nil units (December 31, 2020: 431,954 units)	-	15,000
Units redeemed: 592,891 units (December 31, 2020: 2,548,000 units)	20,000	85,000
<b>Meezan Bank Limited</b>		
Profit on savings account	74	162
Shariah advisor fee	271	269

**Transactions during the period****Six months period ended****December 31,****2020****2021****(Unaudited)****(Rupees in '000)****Central Depository Company of Pakistan Limited - Trustee**

Remuneration of the Trustee

532

478

Sindh Sales Tax on remuneration of the Trustee

69

62

CDS charges

18

39

**Directors and executives of the Management Company**

Units issued: 316,775 units (December 31, 2020: 546,780 units)

10,458

16,829

Units redeemed: 386,982 units (December 31, 2020: 19,279 units)

12,652

617

**11. TOTAL EXPENSE RATIO**

The annualised total expense ratio (TER) of the Fund as at December 31, 2021 based on current period results is 3.95% (December 31, 2020: 4.32%) which includes 0.33% (December 31, 2020: 0.54%) representing government levies on the Fund such as Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Equity Scheme'.

**12. 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 Fund has incurred net loss during the current period, therefore no provision for taxation has been made in these condensed interim financial statements.

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.

**13. 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.

**13.1 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: Fair value measurements using quoted price (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Fair value measurements using 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: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).



As at December 31, 2021 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

ASSETS	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
<b>Financial assets 'at fair value through profit or loss'</b>				
Shares of listed companies - 'ordinary shares'	493,545	-	-	493,545

ASSETS	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
<b>Financial assets 'at fair value through profit or loss'</b>				
Shares of listed companies - 'ordinary shares'	578,360	-	-	578,360

#### 14. GENERAL

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

#### 15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 14, 2022 by the Board of Directors of the Management Company.

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

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

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

\_\_\_\_\_  
Director

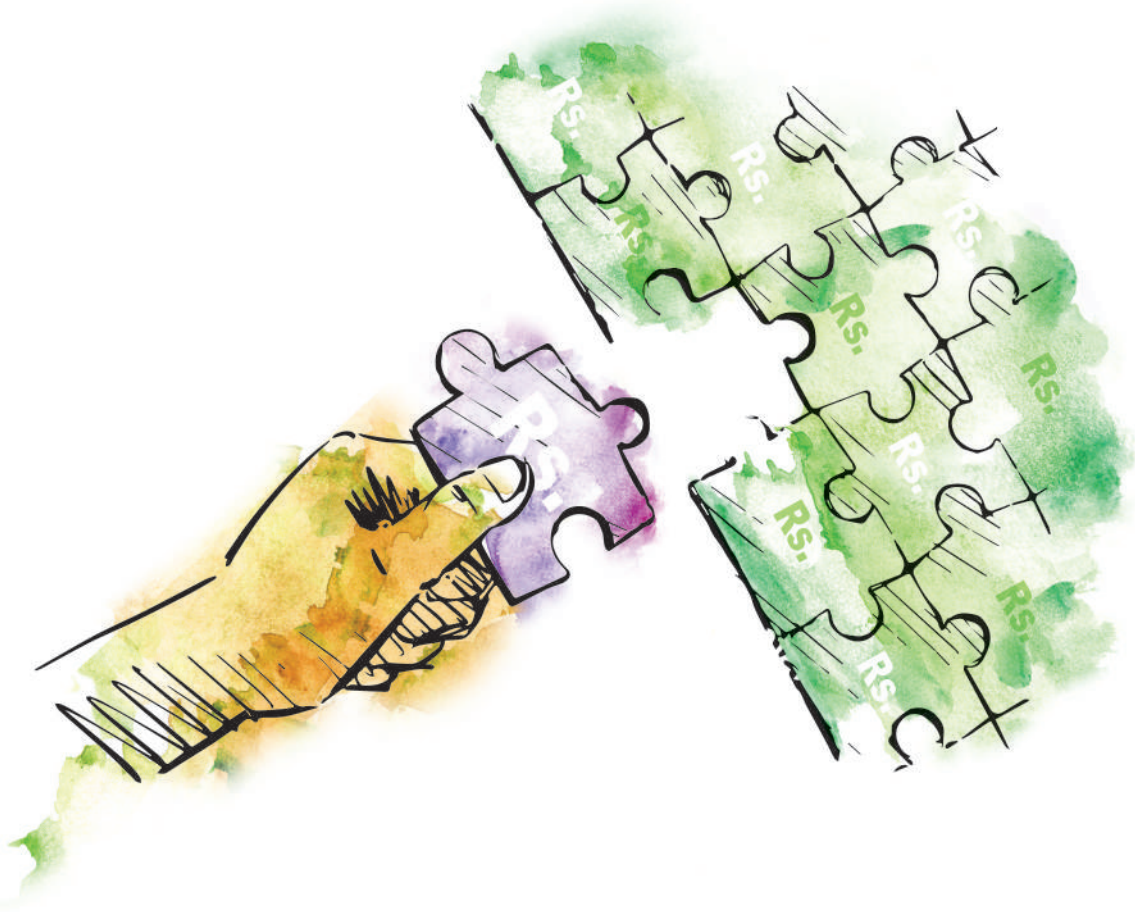


**Al Meezan**  
Investment Management Ltd.

# MEEZAN

## PAKISTAN EXCHANGE TRADED FUND (MP-ETF)

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



# ONE OF ASIA'S BEST PERFORMING STOCK MARKET



Sep 2020  
Source: Pakistan Stock  
Exchange (PSX)



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Salman Muslim

## CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Shahid Ojha

## AUDIT COMMITTEE

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

## RISK MANAGEMENT COMMITTEE

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

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## TRUSTEE

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

## AUDITORS

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

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Meezan Bank Limited

## LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
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

**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN PAKISTAN EXCHANGE TRADED FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Pakistan Exchange Traded Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

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

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 23, 2022



**REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Pakistan Exchange Traded Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2021. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

*A.F. Ferguson & Co.*

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Khattab Muhammad Akhi Baig**

Date: February 26, 2022

Karachi



**MEEZAN PAKISTAN EXCHANGE TRADED FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2021**



**Meezan**  
Pakistan Exchange Traded Fund

		<b>December 31, 2021 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2021 (Audited)</b>
	<b>Note</b>		
<b>Assets</b>			
Balances with banks	5	4,803	1,208
Investments	6	83,744	38,827
Dividend receivable		-	295
Other receivables		57	57
<b>Total assets</b>		<u>88,604</u>	<u>40,387</u>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	7	8	1
Payable to Central Depository Company of Pakistan Limited - Trustee	8	8	5
Payable to the Securities and Exchange Commission of Pakistan		8	5
Accrued expenses and other liabilities	9	264	1,089
<b>Total liabilities</b>		<u>288</u>	<u>1,100</u>
<b>Net assets</b>		<u><u>88,316</u></u>	<u><u>39,287</u></u>
<b>Unit holders' fund (as per statement attached)</b>		<u><u>88,316</u></u>	<u><u>39,287</u></u>
<b>Contingencies and commitments</b>	10		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<u><u>10,040,000</u></u>	<u><u>3,800,000</u></u>
		----- (Rupees) -----	
<b>Net asset value per unit</b>		<u><u>8.7964</u></u>	<u><u>10.3387</u></u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director

**MEEZAN PAKISTAN EXCHANGE TRADED FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

	Six months period ended December 31, 2021	For the period from October 6, to December 31, 2020	Quarter ended December 31, 2021
Note	(Rupees in '000)		
<b>Income</b>			
Profit on balances with bank	35	9	23
Dividend income	2,396	449	1,648
Net realised gain on sale of investments	34	11	-
	2,465	469	1,671
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1	(13,667)	1,201
<b>Total (loss) / income</b>	(11,202)	1,670	(1,124)
<b>Expenses</b>			
Remuneration of Al Meezan Investment Management Limited - Management Company	7.1	190	27
Sindh Sales Tax on remuneration of the Management Company		25	3
Remuneration of Central Depository Company of Pakistan Limited - Trustee		38	11
Sindh Sales Tax on remuneration of the Trustee		5	1
Annual fee to the Securities and Exchange Commission of Pakistan		8	1
Auditors' remuneration		62	32
Charity expense		95	14
Fees and subscription		12	-
Legal and professional charges		184	-
Brokerage expense		50	-
Bank and settlement charges		4	3
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	9.1	(123)	43
<b>Total expenses</b>		550	135
<b>Net (loss) / income for the period from operating activities</b>		(11,752)	1,535
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		(3,733)	575
<b>Net (loss) / income for the period before taxation</b>		(15,485)	2,110
Taxation	14	-	-
<b>Net (loss) / income for the period after taxation</b>		(15,485)	2,110
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	1,212
- Excluding capital gains		-	898
		-	2,110

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN PAKISTAN EXCHANGE TRADED FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2021**



**Meezan**  
 Pakistan Exchange Traded Fund

	Six months period ended December 31, 2021	For the period from October 6, to December 31, 2020	Quarter ended December 31, 2021
	-----	(Rupees in '000)	-----
<b>Net (loss) / income for the period after taxation</b>	(15,485)	2,110	(2,831)
Other comprehensive income for the period	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(15,485)</u>	<u>2,110</u>	<u>(2,831)</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
 Director

**MEEZAN PAKISTAN EXCHANGE TRADED FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Six months period ended December 31, 2021			For the period from October 6, 2020 to December 31, 2020		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the period</b>	38,000	1,287	39,287	-	-	-
Issuance of 6,670,000 units (2020: 2,880,000 units)						
- Capital value (at net asset value per unit at the beginning of the period)	68,959	-	68,959	28,800	-	28,800
- Element of (loss) / income	(3,722)	-	(3,722)	596	-	596
Total proceeds on issuance of units	65,237	-	65,237	29,396	-	29,396
Redemption of 430,000 units (2020: 30,000 units)						
- Capital value (at net asset value per unit at the beginning of the period)	4,446	-	4,446	300	-	300
- Element of loss	10	-	10	21	-	21
Total payments on redemption of units	4,456	-	4,456	321	-	321
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	3,733	-	3,733	(575)	-	(575)
Total comprehensive (loss) / income for the period	-	(15,485)	(15,485)	-	2,110	2,110
<b>Net assets at the end of the period</b>	<b>102,514</b>	<b>(14,198)</b>	<b>88,316</b>	<b>28,500</b>	<b>2,110</b>	<b>30,610</b>
<b>Undistributed income brought forward</b>						
- Realised income		101			-	
- Unrealised income		1,186			-	
		<u>1,287</u>			<u>-</u>	
<b>Accounting income available for distribution</b>						
- Realised income		-			1,212	
- Unrealised income		-			898	
		<u>-</u>			<u>2,110</u>	
Net loss for the period after taxation		(15,485)			-	
(Accumulated loss) / undistributed income carried forward		<u>(14,198)</u>			<u>2,110</u>	
<b>(Accumulated loss) / undistributed income carried forward</b>						
- Realised (loss) / income		(531)			909	
- Unrealised (loss) / income		(13,667)			1,201	
		<u>(14,198)</u>			<u>2,110</u>	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
Net asset value per unit at the beginning of the period		<u>10.3387</u>			<u>-</u>	
Net asset value per unit at the end of the period		<u>8.7964</u>			<u>10.7405</u>	

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN PAKISTAN EXCHANGE TRADED FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**



**Meezan**  
Pakistan Exchange Traded Fund

	Six months period ended December 31, 2021	For the period from October 6, to December 31, 2020
Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period before taxation	(15,485)	2,110
<b>Adjustments for:</b>		
Net unrealised diminution / (appreciation) re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1 13,667	(1,201)
Element of loss / (income) and capital (gains) / losses included in prices of units issued less those in units redeemed - net	3,733	(575)
	1,915	334
<b>(Decrease) / increase in assets</b>		
Investments - net	(58,584)	(27,195)
Dividend receivable	295	(46)
Other receivables	-	(34)
	(58,289)	(27,275)
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited - Management Company	7	24
Payable to Central Depository Company of Pakistan Limited - Trustee	3	8
Payable to the Securities and Exchange Commission of Pakistan	3	1
Accrued expenses and other liabilities	(825)	90
	(812)	123
<b>Net cash used in operating activities</b>	(57,186)	(26,818)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance of units	65,237	29,396
Payments against redemption of units	(4,456)	(321)
<b>Net cash generated from financing activities</b>	60,781	29,075
Net increase in cash and cash equivalents during the period	3,595	2,257
Cash and cash equivalents at the beginning of the period	1,208	-
Cash and cash equivalents at the end of the period	5 4,803	2,257

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN PAKISTAN EXCHANGE TRADED FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Pakistan Exchange Traded Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on January 9, 2020 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 3, 2020 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Fund is a Shariah Compliant Exchange Traded Fund that aims to provide investors an opportunity to track the performance of Meezan Pakistan Index (MZNPI) that has been constituted and is maintained by the Management Company, and comprises of 12 shariah compliant equity securities selected with high consideration towards market capitalisation and traded value. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is a hybrid type of fund having features of both open and closed end funds. A new concept of "Authorised Participants "APs" has been introduced who will act as market makers. The Management Company will only have contact with the APs for issuance and redemption of units. The units of the Fund are tradeable in the Pakistan Stock Exchange Limited (PSX). The APs to whom the units are issued may either keep the units with themselves or trade in the PSX. Consequently, upon trading, the holder of the units keeps on changing. Moreover, on issuance and redemption of units, the basket of shares will be exchanged between AP and Management Company and cash will be paid / received if there is a difference in the applicable net asset value of a creation unit and the market value of the portfolio deposit.
- 1.4** The Fund is an Open Ended Exchange Traded Mutual Fund categorised as "Listed Index Tracking Fund" and is listed on Pakistan Stock Exchange (PSX) Limited.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited 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 27, 2021 (2020: 'AM1' dated December 31, 2020) 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.

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 'International Accounting Standard (IAS) 34, Interim Financial Reporting, 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.

The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declared that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES**

**4.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

**4.2** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2021.

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

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, 2021. However, these do not have any impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial

	<b>Note</b>	<b>December 31, 2021 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2021 (Audited)</b>
<b>5 BALANCES WITH BANK</b>			
Balances with bank in:			
Savings accounts	5.1	4,709	1,186
Current account		94	22
		<u>4,803</u>	<u>1,208</u>



- 5.1 This represents balances maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.50% (June 30, 2021: 2.50%) per annum.

	Note	December 31, 2021 (Unaudited) (Rupees in '000)	June 30, 2021 (Audited) (Rupees in '000)
<b>6 INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Shares of listed companies - 'ordinary shares'	6.1	83,744	38,827

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

Name of the investee company	As at July 1, 2021	Purchased during the period	Bonus / right shares	Sold during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised (diminution)/ appreciation as at December 31, 2021	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investments)	Total market value of investments
----- Number of shares -----						----- (Rupees in '000) -----			----- % -----		
<b>Cement</b>											
D.G. Khan Cement Company Limited	18,550	28,656	-	6,042	41,164	4,457	3,414	(1,043)	3.87	0.01	4.08
Lucky Cement Limited	7,700	11,900	-	2,532	17,068	14,249	11,594	(2,655)	13.13	0.01	13.84
Maple Leaf Cement Factory Limited	42,700	65,584	-	14,912	93,372	4,058	3,357	(701)	3.80	0.01	4.01
									<b>20.80</b>	<b>0.03</b>	<b>21.93</b>
<b>Engineering</b>											
International Steels Limited	17,850	-	-	17,850	-	-	-	-	-	-	-
									-	-	-
<b>Fertilizer</b>											
Engro Corporation Limited	17,500	36,686	-	1,978	52,208	15,242	14,223	(1,019)	16.10	0.01	16.98
Engro Fertilizers Limited	53,550	26,180	-	79,730	-	-	-	-	-	-	-
									<b>16.10</b>	<b>0.01</b>	<b>16.98</b>
<b>Foods and Personal Care Products</b>											
Unity Foods limited	60,900	79,360	-	36,848	103,412	4,157	2,737	(1,420)	3.10	0.01	3.27
									<b>3.10</b>	<b>0.01</b>	<b>3.27</b>
<b>Oil and Gas Exploration Companies</b>											
Oil and Gas Development Company Limited *	32,550	92,589	-	3,655	121,484	11,193	10,472	(721)	11.86	-	12.50
Pakistan Oilfields Limited	6,300	2,992	-	9,292	-	-	-	-	-	-	-
Pakistan Petroleum Limited *	33,600	95,684	-	3,784	125,500	10,431	9,920	(511)	11.23	-	11.85
									<b>23.09</b>	<b>-</b>	<b>24.35</b>
<b>Oil and Gas Marketing Companies</b>											
Pakistan State Oil Company Limited	18,550	27,696	-	7,090	39,156	8,477	7,122	(1,355)	8.06	0.01	8.50
									<b>8.06</b>	<b>0.01</b>	<b>8.50</b>
<b>Pharmaceuticals</b>											
The Searle Company Limited	8,400	14,122	5,616	2,034	26,104	4,702	3,752	(950)	4.25	0.09	4.48
									<b>4.25</b>	<b>0.09</b>	<b>4.48</b>
<b>Power Generation and Distribution</b>											
The Hub Pow er Company Limited	-	183,732	-	-	183,732	14,326	13,107	(1,219)	14.84	0.01	15.65
									<b>14.84</b>	<b>0.01</b>	<b>15.65</b>
<b>Refinery</b>											
Attock Refinery Limited	-	14,056	-	-	14,056	3,194	2,024	(1,170)	2.29	0.01	2.42
National Refinery Limited	-	7,028	-	-	7,028	2,925	2,000	(925)	2.26	0.01	2.39
									<b>4.55</b>	<b>0.02</b>	<b>4.81</b>
<b>Right certificates</b>											
<b>Foods and Personal Care Products</b>											
Unity Foods limited	-	-	20,806	-	20,806	-	22	22	0.02	0.01	0.03
									<b>0.02</b>	<b>0.01</b>	<b>0.03</b>
<b>Total as at December 31, 2021</b>						<b>97,411</b>	<b>83,744</b>	<b>(13,667)</b>	<b>94.81</b>		<b>100.00</b>
<b>Total as at June 30, 2021</b>						<b>37,641</b>	<b>38,827</b>	<b>1,186</b>	<b>98.83</b>		<b>100.00</b>

\* Nil figures due to rounding off

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

		December 31, 2021 (Unaudited) (Rupees in '000)	June 30, 2021 (Audited)
<b>7</b>	<b>PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<b>Note</b>	
	Remuneration payable	7.1	7
	Sindh Sales Tax payable on remuneration of the Management Company		1
			<u>1</u>
			<u>8</u>
			<u>1</u>

- 7.1** As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.5% (December 31, 2020: 0.5%) per annum of the average annual net assets of the Fund during the period ended December 31, 2021. The remuneration is payable to the Management Company monthly in arrears.

## **8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**

The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the period, Trustee has revised its tariff as follows:

Previous Tariff		Revised Tariff (Flat Rate)
Net assets (Rs.)	Fee	
- up to Rs. 1 billion	0.20% per annum of net assets	0.10% per annum
- exceeding Rs 1 billion	Rupees 2.0 million plus 0.10% per annum of net assets, exceeding Rs.1,000 million	of net assets

Accordingly, the Fund has charged trustee fee at the rate 0.10 percent per annum of net assets during the period with effect from October 1, 2021.

		December 31, 2021 (Unaudited) (Rupees in '000)	June 30, 2021 (Audited)
<b>9</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	
	Auditors' remuneration payable		70
	Brokerage payable		55
	Charity payable		135
	Zakat payable		-
	Withholding tax payable		-
	Other accrued expenses payable		4
	Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	-
			<u>123</u>
			<u>264</u>
			<u>1,089</u>

- 9.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 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 taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the condensed interim financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

## 10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

## 11 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company 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, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons 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 also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.

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

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

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

<b>Balances</b>	<b>December 31, 2021 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2021 (Audited)</b>
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	7	1
Sindh Sales Tax payable on remuneration of the Management Company	1	-
Investment of 1,000,000 units (June 30, 2021: 1,000,000 units)	8,796	10,339
<b>Meezan Bank Limited</b>		
Bank balance	4,803	1,208
Profit receivable on savings accounts	24	24
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	7	4
Sindh Sales Tax payable on remuneration of the Trustee	1	1
<b>Transactions during the period</b>	<b>Six months period ended December 31, 2021 (Unaudited) (Rupees in '000)</b>	<b>For the period from October 6, 2020 to December 31, 2020</b>
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration of the Management Company	190	27
Sindh Sales Tax on remuneration of the Management Company	25	3
Units issued: nil units (2020: 1,000,000 units)	-	10,015
<b>Meezan Bank Limited</b>		
Profit on savings accounts	35	9
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	38	11
Sindh Sales Tax on Remuneration of the Trustee	5	1
CDS charges	3	2

## 12 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.

### 12.1 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 December 31, 2021 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

As at December 31, 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'	83,744	-
As at June 30, 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'	38,827	-

## 13 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund as at December 31, 2021 based on current period results is 1.77% (December 31, 2020: 1.45%) which includes 0.11% (December 31, 2020: 0.27%) representing government levies on the Fund such as Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Index Scheme'.

## 14 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Fund has incurred net loss during the current period, therefore no provision for taxation has been made in these condensed interim financial statements.

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.

## 15 GENERAL

### 15.1 Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

**16 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on February 14, 2022 by the Board of Directors of the Management Company.

**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**





**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. Naeem Sattar	Nominee Director - PKIC
Mr. Feroz Rizvi	Independent Director
Ms. Danish Zuberi	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer

## COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Salman Muslim

## CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Shahid Ojha

## AUDIT COMMITTEE

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

## RISK MANAGEMENT COMMITTEE

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

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## TRUSTEE

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

## AUDITORS

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

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Allied Bank Limited	Habib Metropolitan Bank Limited - Islamic Banking
Al Baraka Islamic Bank B.S.C (E.C)	MCB Islamic Bank
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



**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S., Main Shahr-e-Faisal,  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
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URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
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) 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 six months period ended December 31, 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, February 23, 2022



## REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Balanced Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2021. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

*A.F. Ferguson & Co.*

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Khattab Muhammad Akhi Baig**

Date: February 26, 2022

Karachi

**MEEZAN BALANCED FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT DECEMBER 31, 2021**



**Meezan**  
 Balanced Fund

		December 31, 2021 (Unaudited) (Rupees in '000)	June 30, 2021 (Audited)
	Note		
<b>Assets</b>			
Balances with banks	5	558,624	1,116,066
Investments	6	3,788,907	3,653,901
Receivables against conversion of units		2,561	7,965
Dividend receivable		666	8,950
Receivable against sale of investments		24,031	3,217
Advances, deposits and other receivables		56,810	77,868
<b>Total assets</b>		<b>4,431,599</b>	<b>4,867,967</b>
<b>Liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company	7	16,082	12,761
Payable to Central Depository Company of Pakistan Limited - Trustee		518	516
Payable to the Securities and Exchange Commission of Pakistan		468	876
Payable to Meezan Bank Limited		14	143
Payable against purchase of investments		21,527	14,269
Payable against redemption and conversion of units		435	11,551
Dividend payable		7,498	7,498
Accrued expenses and other liabilities	8	45,475	107,216
<b>Total liabilities</b>		<b>92,017</b>	<b>154,830</b>
<b>Net assets</b>		<b>4,339,582</b>	<b>4,713,137</b>
<b>Contingencies and commitments</b>	9		
<b>Unit holders' fund (as per statement attached)</b>		<b>4,339,582</b>	<b>4,713,137</b>
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>270,215,445</b>	<b>290,931,590</b>
<b>(Rupees)</b>			
<b>Net asset value per unit</b>		<b>16.0597</b>	<b>16.2002</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
 Director



**MEEZAN BALANCED FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

		Six months period ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
	Note	(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised (loss) / gain on sale of investments		(40,994)	55,050	(37,385)	29,769
Dividend income		74,761	52,469	44,088	39,973
Profit on sukuk certificates		56,878	60,315	27,310	29,025
Profit on commercial papers		11,533	-	8,920	-
Profit on savings accounts with banks		30,574	27,086	14,099	13,619
		132,752	194,920	57,032	112,386
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.4	(119,863)	421,991	(1,959)	115,342
<b>Total income</b>		12,889	616,911	55,073	227,728
<b>Expenses</b>					
Remuneration of Al Meezan Investment Management Limited - Management Company	7.1	46,787	43,318	22,829	21,841
Sindh Sales Tax on remuneration of the Management Company		6,082	5,631	2,967	2,839
Allocated expenses	7.2	2,573	2,166	1,255	1,092
Selling and marketing expenses	7.3	23,393	8,664	11,414	4,369
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,843	2,669	1,393	1,345
Sindh Sales Tax on remuneration of the Trustee		370	347	182	175
Annual fee to the Securities and Exchange Commission of Pakistan		468	433	228	218
Auditors' remuneration		397	342	243	200
Charity expense		1,939	1,590	929	1,243
Fees and subscription		297	215	269	136
Legal and professional charges		184	-	-	-
Brokerage expense		2,060	2,010	848	1,168
Bank and settlement charges		336	223	173	186
Provision against sukuk	6.2.1.2.3	28,125	-	-	-
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	8.1	(60,542)	10,986	-	3,858
<b>Total expenses</b>		55,312	78,594	42,730	38,670
<b>Net (loss) / income for the period before taxation</b>		(42,423)	538,317	12,343	189,058
Taxation	12	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		(42,423)	538,317	12,343	189,058
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		-	538,317		
Income already paid on units redeemed		-	(46,227)		
		-	492,090		
<b>Accounting income available for distribution</b>					
- Relating to capital gains		-	477,041		
- Excluding capital gains		-	15,049		
		-	492,090		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN BALANCED FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**



**Meezan**  
 Balanced Fund

	Six months period ended, December 31,		Quarter ended, December 31,	
	2021	2020	2021	2020
	(Rupees in '000)		(Rupees in '000)	
<b>Net (loss) / income for the period after taxation</b>	(42,423)	538,317	12,343	189,058
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(42,423)</u>	<u>538,317</u>	<u>12,343</u>	<u>189,058</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
 Director

**MEEZAN BALANCED FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Six months period ended December 31, 2021			Six months period ended December 31, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the period</b>	4,059,835	653,302	4,713,137	3,839,430	76,131	3,915,561
Issue of 28,599,217 units (2020: 81,185,221 units)						
- Capital value (at net asset value per unit at the beginning of the period)	463,313	-	463,313	1,113,342	-	1,113,342
- Element of income	1,787	-	1,787	102,772	-	102,772
Total proceeds on issuance of units	465,100	-	465,100	1,216,114	-	1,216,114
Redemption of 49,315,362 units (2020: 83,371,958 units)						
- Capital value (at net asset value per unit at the beginning of the period)	798,919	-	798,919	1,143,330	-	1,143,330
- Element of (income) / loss	(2,687)	-	(2,687)	62,305	46,227	108,532
Total payments on redemption of units	796,232	-	796,232	1,205,635	46,227	1,251,862
Total comprehensive (loss) / income for the period	-	(42,423)	(42,423)	-	538,317	538,317
Distribution during the period	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(42,423)	(42,423)	-	538,317	538,317
<b>Net assets at the end of the period</b>	<u>3,728,703</u>	<u>610,879</u>	<u>4,339,582</u>	<u>3,849,909</u>	<u>568,221</u>	<u>4,418,130</u>
<b>Undistributed income brought forward</b>						
- Realised income		218,892			25,518	
- Unrealised income		434,410			50,613	
		<u>653,302</u>			<u>76,131</u>	
Accounting income available for distribution						
- Relating to capital gains	-			477,041		
- Excluding capital gains	-			15,049		
	-			492,090		
Net loss for the period after taxation	(42,423)			-		
Distribution during the period	-			-		
Undistributed income carried forward		<u>610,879</u>			<u>568,221</u>	
<b>Undistributed income carried forward</b>						
- Realised income		730,742			146,230	
- Unrealised (loss) / income		(119,863)			421,991	
		<u>610,879</u>			<u>568,221</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the period		<u>16.2002</u>			<u>13.7136</u>	
Net asset value per unit at the end of the period		<u>16.0597</u>			<u>15.5932</u>	

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN BALANCED FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Six months period ended December 31,	
Note	2021	2020
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period before taxation	(42,423)	538,317
<b>Adjustments for:</b>		
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	119,863	(421,991)
	77,440	116,326
<b>(Increase) / decrease in assets</b>		
Investments - net	(254,869)	273,917
Dividend receivable	8,284	(12,280)
Receivable against sale of investments	(20,814)	(16,359)
Deposits and other receivables	21,058	(3,462)
	(246,341)	241,816
<b>Increase / (decrease) in liabilities</b>		
Payable to AI Meezan Investment Management Limited - Management Company	3,321	8,603
Payable to Central Depository Company of Pakistan Limited - Trustee	2	58
Payable to the Securities and Exchange Commission of Pakistan	(408)	(472)
Payable to Meezan Bank Limited	(129)	(27)
Payable against purchase of investments	7,258	8,398
Accrued expenses and other liabilities	(61,741)	(11,684)
	(51,697)	4,876
<b>Net cash (used in) / generated from operating activities</b>	(220,598)	363,018
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	470,504	1,211,204
Payments against redemption and conversion of units	(807,348)	(1,249,074)
Dividend paid	-	(45,496)
<b>Net cash used in financing activities</b>	(336,844)	(83,366)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(557,442)	279,652
Cash and cash equivalents at the beginning of the period	1,116,066	785,606
<b>Cash and cash equivalents at the end of the period</b>	558,624	1,065,258

The annexed notes 1 to 15 form an integral part of these condensed interim 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 CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 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 under the Trust Act, 1882 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.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Consequently, the Fund is now required to be registered under the Sindh Trust Act. Accordingly, on September 3, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 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 Central Depository Company of Pakistan (CDC) as the Trustee of the Fund.
- 1.6** The Management Company has been assigned a Asset Manager Quality rating of AM1 by VIS Credit Rating Company Limited dated December 27, 2021 (2020: AM1 dated December 31, 2020) 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.

**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 condensed interim 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 Accounting Standard (IAS) 34, Interim Financial Reporting, 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 International Accounting Standard (IAS) 34, Interim Financial Reporting, 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.

The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES**

**4.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

**4.2** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2021.

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

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, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

<b>5</b>	<b>BALANCES WITH BANKS</b>	<b>Note</b>	<b>December 31,</b>	<b>June 30,</b>
			<b>2021</b>	<b>2021</b>
			<b>(Unaudited)</b>	<b>(Audited)</b>
			<b>(Rupees in '000)</b>	
	In savings accounts	5.1	551,097	1,107,485
	In current accounts		7,527	8,581
			<u>558,624</u>	<u>1,116,066</u>

- 5.1 This includes balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.5% (June 30, 2021: 2.5%) per annum. Other balances in savings accounts have expected profit rates ranging from 1.50% to 11.5% per annum (June 30, 2021: 1.50% to 7% per annum).

		December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
	Note	(Rupees in '000)	
<b>6 INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Shares of listed companies - 'ordinary shares'	6.1	2,155,439	2,205,560
Sukuk certificates	6.2.1 & 6.2.2	1,089,381	1,448,341
Commercial papers	6.2.3	544,087	-
		<u>3,788,907</u>	<u>3,653,901</u>

6.1 Shares of listed companies 'ordinary shares'

Name of the investee company	As at July 1, 2021	Purchases during the period	Right / bonus issue	Sales during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised (diminution)/ appreciation as at December 31, 2021	Percentage in relation to		
									Total market value of invest-ments	Net assets of the Fund	Paid-up-capital of the investee company (with face value of investments)
	----- Number of shares -----					----- (Rupees in '000) -----			----- % -----		
Sectors / companies											
Automobile Assemblers											
Gandhara Industries Limited	2,100	-	-	-	2,100	586	371	(215)	0.01	0.01	-
Gandhara Nissan Limited	-	120,000	-	80,400	39,600	4,741	3,094	(1,647)	0.08	0.07	0.07
Millat Tractors Company Limited	27,063	5,000	6,412	19,000	19,475	17,520	16,792	(728)	0.44	0.39	0.03
Pak Suzuki Motor Company Limited	77,000	-	-	77,000	-	-	-	-	-	-	-
						-	-		0.53	0.47	0.10
Automobile parts and accessories											
Panther Tyres Limited	22,460	200,000	44,492	242,952	24,000	1,457	1,002	(455)	0.03	0.02	0.01
Cement											
Attock Cement Pakistan Limited	4,528	-	-	-	4,528	814	629	(185)	0.02	0.01	-
Cherat Cement Company Limited	147,300	125,000	-	99,900	172,400	30,324	25,569	(4,755)	0.67	0.59	0.09
DG Khan Cement Company Limited	360,938	335,000	-	315,400	380,538	35,884	31,562	(4,322)	0.83	0.73	0.09
Fauji Cement Company Limited	-	200,000	-	-	200,000	3,704	3,674	(30)	0.10	0.08	0.01
Kohat Cement Limited	415,520	-	-	8,500	407,020	84,046	76,764	(7,282)	2.03	1.77	0.20
Lucky Cement Limited	260,391	31,019	-	61,709	229,701	195,764	156,032	(39,732)	4.12	3.60	0.07
Maple Leaf Cement Limited	1,098,771	1,055,650	-	560,000	1,594,421	64,636	57,320	(7,316)	1.51	1.32	0.15
									9.28	8.10	0.61
Chemicals											
Dynea Pakistan Limited (note 6.1.1)	25,000	3,000	-	-	28,000	6,248	6,034	(214)	0.16	0.14	0.15
Engro Polymer & Chemicals Limited	848,454	572,000	-	415,500	1,004,954	50,232	54,479	4,247	1.44	1.26	0.11
I.C.I. Pakistan Limited	82,266	2,500	-	18,350	66,416	57,278	50,533	(6,745)	1.33	1.16	0.07
Nimir Resins Limited	80,000	-	-	80,000	-	-	-	-	-	-	-
Sitara Chemical Industries Limited	18,100	-	-	18,100	-	-	-	-	-	-	-
									2.93	2.56	0.33
Commercial Banks											
BankIslami Pakistan Limited	631,462	1,405,500	-	-	2,036,962	25,745	26,093	348	0.69	0.60	0.18
Meezan Bank Limited	931,273	90,000	138,190	10,000	1,149,463	118,443	154,154	35,711	4.07	3.55	0.07
									4.76	4.15	0.25
Engineering											
Agha Steel Industries Limited	389,484	-	19,474	408,958	-	-	-	-	-	-	-
Aisha Steel Mills Limited	240,000	450,000	-	690,000	-	-	-	-	-	-	-
Amreli Steels Limited	-	335,000	-	-	335,000	16,041	14,994	(1,047)	0.40	0.35	-
International Industries Limited	156,720	-	-	126,700	30,020	6,335	4,167	(2,168)	0.11	0.10	0.02
International Steels Limited	100,000	-	-	47,000	53,000	4,951	3,504	(1,447)	0.09	0.08	0.01
Ittefaq Iron Industries Limited	545,000	373,500	-	-	918,500	15,560	10,995	(4,565)	0.29	0.25	0.64
Mughal Iron & Steels Industries Limited	191,800	656,400	109,785	50,000	907,985	82,686	94,531	11,845	2.49	2.18	0.27
KSB Pumps Company Limited	5,000	-	-	5,000	-	-	-	-	-	-	-
									3.38	2.95	0.94

Name of the investee company	As at July 1, 2021	Purchases during the period	Right / bonus issue	Sales during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised (diminution)/ appreciation as at December 31, 2021	Percentage in relation to		
									Total market value of invest-ments	Net assets of the Fund	Paid-up-capital of the investee company (with face value of investments)
Number of shares						(Rupees in '000)			%		
<b>Fertilizers</b>											
Engro Corporation Limited (Note 6.1.3)	356,014	20,000	-	30,000	346,014	102,001	94,261	(7,740)	2.49	2.17	0.04
Engro Fertilizers Limited	556,924	495,000	-	75,000	976,924	70,259	74,334	4,075	1.96	1.71	0.07
Fauji Fertilizer Bin Qasim Limited	-	500,000	-	-	500,000	13,139	12,390	(749)	0.33	0.29	0.04
									<b>4.78</b>	<b>4.17</b>	<b>0.15</b>
<b>Food &amp; Personal Care Products</b>											
Al Shaheer Corporation Limited (note 6.1.2)	8,546	-	-	-	8,546	170	115	(55)	0.00	0.00	-
At-Tahur Limited	-	286,500	34,380	-	320,880	7,524	7,383	(141)	0.19	0.17	0.16
Unity Foods Limited	658,000	366,100	-	917,647	106,453	4,375	2,818	(1,557)	0.07	0.06	0.01
									<b>0.27</b>	<b>0.24</b>	<b>0.17</b>
<b>Glass &amp; Ceramics</b>											
Shabbir Tiles & Ceramics Limited (note 6.1.1)	675,000	159,500	-	-	834,500	27,847	19,477	(8,370)	0.51	0.45	0.26
<b>Leather &amp; Tanneries</b>											
Service GlobalFootw ear Limited	108,430	-	-	25,000	83,430	4,825	3,868	(957)	0.10	0.09	0.04
<b>Miscellaneous</b>											
Pakistan Aluminium Beverage Cans Limited	-	303,247	-	303,247	-	-	-	-	-	-	-
<b>Oil &amp; Gas Exploration Companies</b>											
Mari Petroleum Company Limited (note 6.1.2)	113,247	21,260	-	2,180	132,327	206,128	218,899	12,771	5.78	5.04	0.10
Oil and Gas Development Company Limited	1,222,369	245,562	-	-	1,467,931	137,887	126,536	(11,351)	3.34	2.92	0.03
Pakistan Oilfields Limited	177,223	-	-	4,000	173,223	68,226	61,948	(6,278)	1.63	1.43	0.06
Pakistan Petroleum Limited	1,409,128	125,000	-	-	1,534,128	132,752	121,257	(11,495)	3.20	2.79	0.06
									<b>13.95</b>	<b>12.18</b>	<b>0.25</b>
<b>Oil and Gas Marketing Companies</b>											
Hascol Petroleum Limited (note 6.1.2)	1,901	-	-	-	1,901	17	12	(5)	0.00	0.00	-
Pakistan State Oil Company Limited (note 6.1.2)	431,190	30,000	-	75,000	386,190	84,945	70,244	(14,701)	1.85	1.62	0.08
Sui Northern Gas Pipelines Limited	458,000	570,000	-	110,000	918,000	45,134	30,707	(14,427)	0.81	0.71	0.14
									<b>2.66</b>	<b>2.33</b>	<b>0.22</b>
<b>Paper &amp; Board</b>											
Cherat Packaging Limited	40	-	-	-	40	8	6	(2)	0.00	0.00	-
Century Paper & Board Mills Limited	300,300	-	45,045	-	345,345	36,658	27,317	(9,341)	0.72	0.63	0.17
Roshan Packages Limited	86,500	-	-	44,000	42,500	1,400	833	(567)	0.02	0.02	0.03
Security Paper Limited	25,000	-	-	25,000	-	-	-	-	-	-	-
Packages Limited	94,023	-	-	5,650	88,373	48,181	43,945	(4,236)	1.16	1.01	0.10
									<b>1.90</b>	<b>1.66</b>	<b>0.30</b>
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	2,250	-	-	-	2,250	1,782	1,614	(168)	0.04	0.04	-
AGP Limited	203,500	-	-	203,000	500	58	48	(10)	0.00	0.00	-
GlaxoSmithKline Consumer Healthcare Pakistan Limited	46,900	-	-	-	46,900	11,729	11,306	(423)	0.30	0.26	0.01
Highnoon Laboratories Limited (note 6.1.2)	481	-	-	-	481	289	302	13	0.01	0.01	-
IBL HealthCare Limited	170,000	58,600	38,920	20,000	247,520	22,390	17,351	(5,039)	0.46	0.40	0.38
The Searle Company Limited (note 6.1.2)	151,181	10,395	45,354	15,000	191,930	35,351	27,584	(7,767)	0.73	0.64	0.06
									<b>1.54</b>	<b>1.34</b>	<b>0.45</b>
<b>Power Generation &amp; Distribution</b>											
K-Electric Limited (note 6.1.1)	6,482,500	1,000,000	-	-	7,482,500	30,448	25,740	(4,708)	0.68	0.59	0.03
The Hub Pow er Company Limited	967,150	364,400	-	-	1,331,550	104,321	94,993	(9,328)	2.51	2.19	0.10
									<b>3.19</b>	<b>2.78</b>	<b>0.13</b>
<b>Real Estate Investment Trust</b>											
Dolmen City RET	1,909,000	-	-	-	1,909,000	21,037	23,213	2,176	0.61	0.53	0.09
<b>Refinery</b>											
Attock Refinery Limited	58,000	-	-	58,000	-	-	-	-	-	-	-
Cnergyico PK Limited (Formerly Byco Petroleum Pakistan Limited)	1,810,000	1,860,000	-	866,000	2,804,000	28,222	19,095	(9,127)	0.50	0.44	0.05
									<b>0.50</b>	<b>0.44</b>	<b>0.05</b>

Name of the investee company	As at July 1, 2021	Purchases during the period	Right / bonus issue	Sales during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised (diminution)/ appreciation as at December 31, 2021	Percentage in relation to		
									Total market value of investments	Net assets of the Fund	Paid-up-capital of the investee company (with face value of investments)
	----- Number of shares -----					----- (Rupees in '000) -----			----- % -----		

#### Technology & Communication

Air Link Communication Limited	-	198,750	14,906	2,000	211,656	14,077	12,289	(1,788)	0.32	0.28	0.05
Avanceon Limited	442,776	211,500	-	527,776	126,500	11,051	11,527	476	0.30	0.27	0.05
Octopus Digital Limited	-	74,836	-	50,000	24,836	1,008	1,931	923	0.05	0.04	0.02
Systems Limited	153,615	-	-	25,000	128,615	72,053	97,727	25,674	2.58	2.25	0.09
Worldcall Telecom Limited	-	1,000,000	-	-	1,000,000	2,834	2,080	(754)	0.05	0.05	0.06
									<b>3.31</b>	<b>2.89</b>	<b>0.27</b>

#### Textile composite

Feroze1888 Mills Limited	77,800	-	4,668	-	82,468	8,146	6,028	(2,118)	0.16	0.14	0.02
Interloop Limited	914,222	5,000	27,576	-	946,798	64,385	68,823	4,438	1.82	1.59	0.11
Kohinoor Textile Mills Limited	50,000	55,000	-	-	105,000	8,540	7,289	(1,251)	0.19	0.17	0.04
Nishat Mills Limited	314,100	60,000	-	150,000	224,100	20,955	17,834	(3,121)	0.47	0.41	0.06
									<b>2.64</b>	<b>2.30</b>	<b>0.23</b>

#### Right Certificates

#### Food & Personal Care Products

Unity Foods Limited	-	21,418	-	-	21,418	-	22	22	-	-	-
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#### Total as at December 31, 2021

2,273,147 2,155,439 (117,708)

#### Total as at June 30, 2021

1,777,673 2,205,560 427,887

**6.1.1** All shares have a nominal 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 each and K-Electric Limited which have a nominal value of Rs 3.5 each.

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

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50% 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 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.

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 period were not withheld by the investee companies.

As at December 31, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 4.997 million (June 30, 2021: 6.102 million).

**6.1.3** Investments include 150,000 (June 30, 2021: 150,000) shares of Engro Corporation Limited, having a market value of Rs 40.863 million (June 30, 2021: Rs 44.192 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

## 6.2 Sukuk certificates

### 6.2.1 Corporate sukuks

Name of the investee company	Profit payments / principal redemptions	Maturity	Profit rate	As at July 1, 2021	Purchases during the period	Sales / Redemptions / matured during the period	As at December 31, 2021	Carrying value as at December 31, 2021*	Market value as at December 31, 2021*	Unrealised (diminution)/ appreciation as at December 31, 2021	Percentage in relation to		
											Net assets	Total issue (with face value of investment)	Total market value of investments
											of the Fund		
-----Number of certificates-----								----- (Rupees in '000) -----		----- % -----			

#### NON-PERFORMING ASSETS

Security Leasing Corporation Limited II *	N/A	January 19, 2022	N/A	5,000	-	-	5,000	-	-	-	-	-	-
(note 6.2.1.2) (non-traded)													
Eden Housing Limited *	N/A	September 29, 2014	N/A	5,000	-	-	5,000	-	-	-	-	-	-
(note 6.2.1.2) (non-traded)													
Arzoo Textile Mills Limited *	N/A	April 15, 2014	N/A	5,000	-	-	5,000	-	-	-	-	-	-
(note 6.2.1.2) (non-traded)													
Hascol Petroleum Limited - Sukuk (note 6.2.1.2 and 6.2.1.2.1) (BBB-, VIS, non-traded) *	N/A	January 7, 2022	3 months KIBOR plus base rate of 1.50%	50,000	-	-	50,000	-	-	-	-	-	-

#### POWER GENERATION & DISTRIBUTION

K Electric Limited (sukuk 4) (AA+, VIS, non-traded)	Quarterly	June 17, 2022	3 months KIBOR plus base rate of 1%	60,003	-	-	60,003	30,276	30,272	(4)	0.70	1.38	0.80
The Hub Power Company Limited (AA+, PACRA, non traded) (note 6.2.1.1)	Quarterly/Semi-annually commencing from September 19, 2022	March 19, 2024	1 year KIBOR plus base rate of 1.90%	300	-	-	300	30,720	30,750	30	0.71	0.62	0.81
Neelum Jhelum Hydropower Company (Private) Limited (AAA, VIS, non-traded) (note 6.2.1.1)	Semi-annually	June 29, 2026	6 months KIBOR plus base rate of 1.13%	230	-	-	230	13,325	13,281	(44)	0.31	0.02	0.35
Hub Power Holdings Limited** (AA+, PACRA) (note 6.2.1.1)	Quarterly / Semi-annually commencing from May 12, 2024	November 12, 2025	6 months KIBOR plus base rate of 2.50%	2,000	-	-	2,000	164,917	164,917	-	3.80	2.75	4.35
K-Electric Limited (sukuk 5) (AA+, VIS, non-traded)	Quarterly / Quarterly commencing from November 3, 2022	August 3, 2027	3 months KIBOR plus base rate of 1.70%	30,000	-	12,000	18,000	91,395	91,800	405	2.12	0.37	2.42

#### COMMERCIAL BANKS

Dubai Islamic Bank Pakistan Limited - Sukuk (AA-, VIS, non-traded) (note 6.2.1.1)	Semi-annually / At maturity	July 14, 2027	6 months KIBOR plus base rate of 0.50%	141	-	-	141	144,943	145,724	781	3.36	3.64	3.85
Meezan Bank Limited (AA+, VIS, non-traded) (note 6.2.1.1), a related party of the Fund	Semi-annually / At maturity	September 22, 2026	6 months KIBOR plus base rate of 0.5%	80	-	80	-	-	-	-	-	-	-

#### MISCELLANEOUS

International Brands Limited (AA, VIS, non-traded) (note 6.2.1.1)	Quarterly / Monthly	May 5, 2022	3 months KIBOR plus base rate of 0.50%	650	-	-	650	10,908	10,913	5	0.25	2.30	0.29
Shakarganj Food Products Limited (BBB+, VIS, non-traded) (note 6.2.1.2.2 & 6.2.1.1)	Quarterly	July 10, 2025	3 months KIBOR plus base rate of 1.75%	82	-	-	82	61,737	62,137	400	1.43	11.43	1.64

Name of the investee company	Profit payments / principal redemptions	Maturity	Profit rate	As at July 1, 2021	Purchases during the period	Sales / Redemptions / matured during the period	As at December 31, 2021	Carrying value as at December 31, 2021*	Market value as at December 31, 2021*	Unrealised appreciation/ (diminution) as at December 31, 2021	Percentage in relation to		
											Net assets of the Fund	Total issue (with face value of investment)	Total market value of investments
-----Number of certificates-----								----- (Rupees in '000) -----		----- % -----			

#### PHARMACEUTICALS

AGP Limited (A+, PACRA, non-traded) (note 6.2.1.1)	Quarterly	June 9, 2022	3 months KIBOR plus base rate of 1.3%	405	-	-	405	4,079	4,082	3	0.09	1.67	0.11
OBS AGP (Private) Limited** (A+, VIS, non-traded) (note 6.2.1.1)	Quarterly / Quarterly commencing from October 15, 2022	July 15, 2026	3 months KIBOR plus base rate of 1.55%	-	320	-	320	32,000	32,000	-	0.74	6.40	0.84

#### CEMENT & CONSTRUCTION

Javedan Corporation Limited (AA-, VIS, non-traded) (note 6.2.1.1)	Semi-annually	October 4, 2026	6 months KIBOR plus base rate of 1.75%	750	-	-	750	61,875	61,393	(482)	1.41	2.46	1.62
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#### STEEL & ALLIED PRODUCTS

Agha Steel Industries Limited (A+, VIS, non-traded) (note 6.2.1.1)	Quarterly / Quarterly commencing from January 9, 2022	October 9, 2025	3 months KIBOR plus base rate of 0.80%	100	-	-	100	99,783	98,947	(836)	2.28	1.98	2.61
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#### CHEMICALS

Engro Polymer and Chemicals Limited (AA, PACRA, traded)	Quarterly / Semi-annually commencing from July 11, 2024	July 11, 2026	3 months KIBOR plus base rate of 0.90%	78	-	78	-	-	-	-	-	-	-
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Total as at December 31, 2021

745,958	746,216	258
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Total as at June 30, 2021

949,701	951,818	2,117
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\* In case of debt securities against which provision has been made, these are carried at carrying value less provision.

\*\* These investments have been carried at cost as these were not valued by MJFAP as at December 31, 2021.

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

#### 6.2.1.2 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 December 31, 2021. 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 the investee company	Type of investments	Value of investments before provision	Provision held as at December 31, 2021	Value of investments after provision	Percentage of net assets	Percentage of total market value
		----- (Rupees in '000) -----			----- % -----	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	25,000	25,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	4,922	4,922	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	7,701	7,701	-	-	-
Hascol Petroleum Limited	Non-traded sukuk certificates	62,037	62,037	-	-	-
Shakarganj Food Products Limited	Non-traded sukuk certificates	62,137	-	62,137	1.43	1.64
		<b>161,797</b>	<b>99,660</b>	<b>62,137</b>		



**6.2.1.2.1** On April 1, 2021, Hascol Petroleum Limited sukuk certificates have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing asset and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 62.037 (June 30, 2021: Rs. 33.912) million have also been held as provision. The face value of sukuk certificates is Rs 62.5 million as at December 31, 2021.

**6.2.1.2.2** SECP's 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, sukuk certificates of Shakarganj Food Products Limited have been valued at a discretionary rate of 101.0358 when the reported market rate on MUFAP valuation sheet as at December 31, 2021 was 103.4130. The mark down in price has been done within allowable limits.

		Six months period ended December 31,		
		2021	2020	
		(Rupees in '000)		
6.2.1.2.3 Movement of provision		Note		
Balance as at July 1			71,535	37,623
Charge for the period	6.2.1.2.1		28,125	-
Reversals for the period			-	-
Balance as at December 31			99,660	37,623

## 6.2.2 Government securities - GOP Ijarah Sukuk

Name of the Security	Profit payments / principal redemptions	Issue Date	Maturity date	Profit rate	As at July 1, 2021	Purchases during the period	Sales / matured during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised (diminution)/ appreciation as at December 31, 2021	Percentage in relation to	
					(Number of certificates)			(Rupees in '000)				Net Assets of the Fund	Total market value of investments
GoP Ijarah Sukuk Certificates - XVIII (Note 6.2.2.1)	Semi-annually / At maturity	April 30, 2020	April 30, 2025	Weighted Average 6 months T-Bills	1,480	-	-	1,480	143,738	142,805	(933)	3.29	3.77
GoP Ijarah Sukuk Certificates - XIX (Note 6.2.2.1)	Semi-annually / At maturity	May 29, 2020	May 29, 2025	Weighted Average 6 months T-Bills	1,500	-	1,500	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXII (Note 6.2.2.1)	Semi-annually / At maturity	December 09, 2020	December 09, 2025	Weighted Average 6 months T-Bills	2,000	-	-	2,000	201,840	200,360	(1,480)	4.62	5.29
GoP Ijarah Sukuk Certificates - XXIII (Note 6.2.2.1)	Semi-annually / At maturity	October 06, 2021	October 06, 2026	Weighted Average 6 months T-Bills	-	2,000	2,000	-	-	-	-	-	-
Total as at December 31, 2021									<u>345,578</u>	<u>343,165</u>	<u>(2,413)</u>		
Total as at June 30, 2021									<u>492,117</u>	<u>496,523</u>	<u>4,406</u>		

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

## 6.3 Commercial papers

Name of the security	Maturity date	Profit rate	As at July 1, 2021	Purchases during the period	Sales / redemptions / maturity during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised appreciation / (diminution) as at December 31, 2021	Percentage in relation to	
			(Number of certificates)			(Rupees in '000)				Net assets of the Fund	Total market value of investment
Mughal Iron & Steel Industries Limited	July 21, 2022	6 months KIBOR plus base rate of 1.75%	-	165	-	165	156,967	156,967	-	3.62	4.14
Lucky Electric Power Company Limited	May 09, 2022	6 months KIBOR plus base rate of 0.75%	-	400	-	400	387,120	387,120	-	8.92	10.22
Total as at December 31, 2021							<u>544,087</u>	<u>544,087</u>	<u>-</u>		
Total as at June 30, 2021							<u>-</u>	<u>-</u>	<u>-</u>		

**6.3.1** The nominal value of these commercial papers is Rs 1,000,000 each and these are redeemable at maturity.

		<b>December 31, 2021 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2021 (Audited)</b>
<b>6.4</b>	<b>Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>	<b>Note</b>	
	Market value of investments	6.1,6.2,6.3	3,788,907
	Carrying value of investments	6.1,6.2,6.3	3,908,770
			<u>(119,863)</u>
			<u>434,410</u>

**7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY**

Management fee payable	7.1	1,220	555
Sindh Sales Tax payable on remuneration of the Management Company		159	72
Sales load payable		110	669
Sindh Sales Tax on sales load payable		14	87
Allocated expenses payable	7.2	411	412
Selling and marketing expenses payable	7.3	14,168	10,966
		<u>16,082</u>	<u>12,761</u>

**7.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (December 31, 2020: 2%) per annum of the average net assets of the Fund during the period ended December 31, 2021. The remuneration is payable to the Management Company monthly in arrears.

**7.2** 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 currently charged allocated expenses at the rate of 0.11% (December 31, 2020: 0.1%) per annum of the average annual net assets of the Fund subject to the total expense charged being lower than actual expense incurred.

**7.3** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at 1% (December 31, 2020: 0.4%) per annum of the average annual net assets of the Fund during the period subject to the total expense charged being lower than actual expense incurred.

	<b>Note</b>	<b>December 31, 2021 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2021 (Audited)</b>
<b>8</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Withholding tax payable		244	917
Capital gain tax payable		653	-
Provision for Sindh Workers' Welfare Fund (SWWF)	8.1	-	60,542
Provision for Federal Excise Duty and related Sindh Sales Tax on Management Fee	8.2	31,961	31,961
Provision for Federal Excise Duty and related Sindh Sales Tax on Sales load	8.2	6,838	6,838
Brokerage expenses payable		1,234	1,401
Charity payable		3,915	4,946
Shariah advisory fee payable		242	243
Auditors' remuneration payable		335	361
Zakat payable		53	7
		<u>45,475</u>	<u>107,216</u>

- 8.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 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 taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the condensed interim financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the condensed interim financial statements of the Fund.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 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 condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.14 (June 30, 2021: Re 0.13) per unit.

## **9 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

## **10 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

- 10.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

- 10.2** 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 also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.
- 10.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 10.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 10.5** The details of transactions carried out by the Fund with connected persons during the period and balances with them as at period end are as follows:

	<b>December 31, 2021 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2021 (Audited) (Rupees in '000)</b>
<b>AI Meezan Investment Management Limited - the Management Company</b>		
Management fee payable	1,220	555
Sindh Sales Tax payable on remuneration of the Management Company	159	72
Sales load payable	110	669
Sindh Sales Tax on sales load payable	14	87
Allocated expenses payable	411	412
Selling and Marketing expenses payable	14,168	10,966
Investment of 947,787 units (June 30, 2021: 947,787 units)	15,221	15,354
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	458	457
Sindh Sales Tax on trustee fee payable	60	59
Security deposit	300	300
<b>Meezan Bank Limited</b>		
Balances with banks	21,789	22,259
Sales load payable	12	127
Sindh Sales Tax on sales load payable	2	16
Shariah advisory fee payable	242	243
Investment of 18,886,746 units (June 30, 2021: 18,886,746 units)	303,315	305,969
Investment in nil sukuk certificates (June 30, 2021: 80 sukuk certificates)	-	82,850
Investment in 1,149,463 shares (June 30, 2021: 931,273 shares)	154,154	107,478
<b>AI Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Investment of 473,186 units (June 30, 2021: 473,186 units)	7,599	7,666
<b>Directors and Executives of the Management Company</b>		
Investment of 6,527,586 units (June 30, 2021: 6,524,913 units)	104,831	105,705
<b>Transactions during the period</b>		
	<b>For the six months period ended December 31</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	
	<b>(Rupees in '000)</b>	
<b>AI Meezan Investment Management Limited - the Management Company</b>		
Remuneration of AI Meezan Investment Management Limited - Management Company	46,787	43,318
Sindh Sales Tax on remuneration of the Management Company	6,082	5,631
Allocated expenses	2,573	2,166
Selling and marketing expenses	23,393	8,664



## Transactions during the period

For the six months period  
ended December 31

2021 2020  
(Unaudited)  
(Rupees in '000)

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

Remuneration of Central Depository Company of

Pakistan Limited - Trustee

2,843 2,669

Sindh Sales Tax on remuneration of the Trustee

370 347

CDS charges

59 58

### Meezan Bank Limited

Profit on savings account

232 229

Shares sold: 10,000 shares (2020: 38,500 shares)

1,606 4,034

Shares purchased: 90,000 shares (2020: 60,000 shares)

12,119 4,837

Bonus shares: 138,190 shares (2020: 93,388 shares)

- -

Sukuks sold: 80 sukuks (2020: nil)

80,000 -

Profit on sukuk certificates

2,952 3,944

Dividend income

3,031 4,349

Shariah advisory fee

269 187

### Directors and Executives of the Management Company

Units issued: 15,610 units (2020: 18,943 units)

251 276

Units redeemed: 12,937 units (2020: 5,867 units)

210 85

## 11 TOTAL EXPENSE RATIO

The annualised Total Expense Ratio (TER) of the Fund for the period ended December 31, 2021 is 3.75% (2020: 3.38%) which include 0.31% (2020: 0.56%) representing government levy such as sales taxes and SECP fee. 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.

## 12 TAXATION

The Fund's income is exempt from income tax as per 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 the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute atleast 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the period.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 13 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 tradeable in an open market are revalued at 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.

### 13.1 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: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using 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).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2021 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	<b>(Rupees in '000)</b>			

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

Shares of listed companies - 'ordinary shares'	2,155,439	-	-	2,155,439
Sukuk certificates	-	1,089,381	-	1,089,381
Commercial papers*		544,087		544,087

	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	<b>(Rupees in '000)</b>			

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

Shares of listed companies - 'ordinary shares'	2,205,560	-	-	2,205,560
Sukuk certificates	-	1,448,341	-	1,448,341

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

### 14 GENERAL

Figures have been rounded off to the nearest thousand rupees.

### 15 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 14, 2022 by the Board of Directors of the Management Company.

**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

## COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Salman Muslim

## CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Shahid Ojha

## 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

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



**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
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URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ASSET ALLOCATION FUND**

**Report of the Trustee pursuant to Regulation 41(h) 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 six months period ended December 31, 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, February 23, 2022



**REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Asset Allocation Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2021. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

*A.F. Ferguson & Co.*

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Khattab Muhammad Akhi Baig**

Date: February 26, 2022

Karachi



**MEEZAN ASSET ALLOCATION FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT DECEMBER 31, 2021**

		<b>December 31, 2021 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2021 (Audited)</b>
	<b>Note</b>		
<b>Assets</b>			
Balances with banks	5	161,904	249,862
Investments	6	1,242,405	1,423,402
Receivable against conversion of units		1,913	3,675
Receivable against sale of investments		11,808	8,132
Dividend receivable		240	640
Advances, deposits and other receivables		5,942	27,962
<b>Total assets</b>		<b>1,424,212</b>	<b>1,713,673</b>
<b>Liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company	7	5,118	4,504
Payable to Central Depository Company of Pakistan Limited - Trustee		221	241
Payable to the Securities and Exchange Commission of Pakistan		156	310
Payable to Meezan Bank Limited		2	49
Payable against redemption and conversion of units		6,840	8,790
Payable against purchase of investments		12,855	128
Accrued expenses and other liabilities	8	4,336	27,420
<b>Total liabilities</b>		<b>29,528</b>	<b>41,442</b>
<b>Net assets</b>		<b>1,394,684</b>	<b>1,672,231</b>
<b>Contingencies and commitments</b>	9		
<b>Unit holders' fund (as per statement attached)</b>		<b>1,394,684</b>	<b>1,672,231</b>
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>30,421,807</b>	<b>33,809,750</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>45.8449</b>	<b>49.4600</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director



**MEEZAN ASSET ALLOCATION FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

		Six months period ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
	Note	(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised (loss) / gain on sale of investments		(60,932)	56,989	(47,348)	37,474
Dividend income		40,207	28,023	23,506	20,589
Profit on savings accounts with banks		5,991	7,766	2,761	3,122
		(14,734)	92,778	(21,081)	61,185
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1	(89,288)	251,714	(4,924)	82,958
<b>Total (loss) / income</b>		(104,022)	344,492	(26,005)	144,143
<b>Expenses</b>					
Remuneration of Al Meezan Investment Management Limited - Management Company	7.1	11,672	11,229	5,486	5,487
Sindh Sales Tax on remuneration of the Management Company		1,517	1,460	713	713
Allocated expenses	7.2	856	749	402	366
Selling and marketing expenses	7.3	7,781	2,994	3,657	1,463
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,282	1,253	618	618
Sindh Sales Tax on remuneration of the Trustee		167	163	81	80
Annual fee to the Securities and Exchange Commission of Pakistan		156	150	74	73
Auditors' remuneration		223	203	136	94
Brokerage expense		3,116	2,622	1,223	1,991
Charity expense		858	838	433	630
Bank and settlement charges		344	218	175	171
Amortisation of preliminary expenses and floatation costs		-	91	-	46
Fees and subscription		297	300	135	155
Legal and professional charges		184	-	-	-
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	8.1	(21,839)	6,444	-	2,645
<b>Total expenses</b>		6,614	28,714	13,133	14,532
<b>Net (loss) / income for the period before taxation</b>		(110,636)	315,778	(39,138)	129,611
Taxation	11	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		(110,636)	315,778	(39,138)	129,611
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		-	315,778		
Income already paid on units redeemed		-	(27,228)		
		-	288,550		
<b>Accounting income available for distribution</b>					
- Relating to capital gains		-	288,550		
- Excluding capital gains		-	-		
		-	288,550		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN ASSET ALLOCATION FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

	<b>Six months period ended, December 31,</b>		<b>Quarter ended, December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(Rupees in '000)</b>		<b>(Rupees in '000)</b>	
<b>Net (loss) / income for the period after taxation</b>	(110,636)	315,778	(39,138)	129,611
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(110,636)</u>	<u>315,778</u>	<u>(39,138)</u>	<u>129,611</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

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

**MEEZAN ASSET ALLOCATION FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Six months period ended December 31, 2021			Six months period ended December 31, 2020		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	----- Rupees in '000-----			----- Rupees in '000-----		
<b>Net assets at the beginning of the period</b>	2,243,280	(571,049)	1,672,231	2,270,614	(931,312)	1,339,302
Issuance of 8,139,769 units (2020: 9,319,773 units)						
- Capital value (at net asset value per unit at the beginning of the period)	402,593	-	402,593	341,048	-	341,048
- Element of (loss) / income	(5,348)	-	(5,348)	48,126	-	48,126
Total proceeds on issuance of units	397,245	-	397,245	389,174	-	389,174
Redemption of 11,527,712 units (2020: 11,275,085 units)						
- Capital value (at net asset value per unit at the beginning of the period)	570,161	-	570,161	412,600	-	412,600
- Element of (income) / loss	(6,005)	-	(6,005)	30,269	27,228	57,497
Total payments on redemption of units	564,156	-	564,156	442,869	27,228	470,097
Total comprehensive (loss) / income for the period	-	(110,636)	(110,636)	-	315,778	315,778
Distribution during the period	-	-	-	-	-	-
Net (loss) / Income for the period less distribution	-	(110,636)	(110,636)	-	315,778	315,778
<b>Net assets at the end of the period</b>	<u>2,076,369</u>	<u>(681,685)</u>	<u>1,394,684</u>	<u>2,216,919</u>	<u>(642,762)</u>	<u>1,574,157</u>
<b>Accumulated loss brought forward</b>						
- Realised loss		(768,055)			(982,342)	
- Unrealised income		197,006			51,030	
		<u>(571,049)</u>			<u>(931,312)</u>	
<b>Accounting income available for distribution</b>						
- Relating to capital gains	-			288,550		
- Excluding capital gains	-			-		
				288,550		
Net loss for the period after taxation		(110,636)			-	
Accumulated loss carried forward		<u>(681,685)</u>			<u>(642,762)</u>	
<b>Accumulated loss carried forward</b>						
- Realised loss		(592,397)			(894,476)	
- Unrealised (loss) / income		(89,288)			251,714	
		<u>(681,685)</u>			<u>(642,762)</u>	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
Net asset value per unit at the beginning of the period		<u>49.4600</u>			<u>36.5940</u>	
Net asset value per unit at the end of the period		<u>45.8449</u>			<u>45.4385</u>	

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN ASSET ALLOCATION FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

		Six months period ended December 31,	
		2021	2020
	Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / income for the period before taxation		(110,636)	315,778
<b>Adjustments for:</b>			
Amortisation of preliminary expenses and floatation costs		-	91
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1	89,288	(251,714)
		(21,348)	64,155
<b>Decrease / (increase) in assets</b>			
Investments - net		91,709	(20,879)
Receivable against sale of investments		(3,676)	(17,487)
Dividend receivable		400	(1,239)
Advances, deposits and other receivables		22,020	284
		110,453	(39,320)
<b>Increase / (decrease) in liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company		614	(1,449)
Payable to Central Depository Company of Pakistan Limited - Trustee		(20)	26
Payable to the Securities and Exchange Commission of Pakistan		(154)	(161)
Payable to Meezan Bank Limited		(47)	(29)
Dividend payable		-	(4,236)
Payable against purchase of investments		12,727	11,701
Accrued expenses and other liabilities		(23,084)	2,378
		(9,964)	8,230
<b>Net cash generated from operating activities</b>		79,141	33,064
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		399,007	389,339
Payment against redemption and conversion of units		(566,106)	(477,762)
<b>Net cash used in financing activities</b>		(167,099)	(88,423)
<b>Net decrease in cash and cash equivalents during the period</b>		(87,958)	(55,359)
Cash and cash equivalents at the beginning of the period		249,862	245,253
<b>Cash and cash equivalents at the end of the period</b>	5	161,904	189,894

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ASSET ALLOCATION FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Asset Allocation Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on November 25, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 16, 2015 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on September 3, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 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. The investment objectives and policies are explained in the Fund's offering document.
- 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 Credit Rating Company Limited dated December 27, 2021 (2020: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2021 (2020: 'AM1' dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**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 aforementioned guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, Interim Financial Reporting, 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.



The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

4.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

4.2 The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2021.

#### 4.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

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, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

		December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
	Note	(Rupees in '000)	
<b>5. BALANCE WITH BANKS</b>			
Balances with banks in :			
Savings accounts	5.1	160,396	247,213
Current accounts		1,508	2,649
		<u>161,904</u>	<u>249,862</u>

5.1 This includes balances maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.50% (June 30, 2021: 2.50%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 2.35% to 11.50% (June 30, 2021: 2.24% to 7.32%) per annum.

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in '000)	
<b>6. INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Shares of listed companies - 'ordinary shares'	6.1	<u>1,242,405</u>	<u>1,423,402</u>

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

Name of the investee company	As at July 1, 2021	Purchased during the period	Bonus / right shares	Sold during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised (diminution) / appreciation as at December 31, 2021	Percentage in relation to		
	(Number of shares)					(Rupees in '000)			Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
<b>Automobile Assembler</b>											
Ghandhara Nissan Limited	-	225,000	-	225,000	-	-	-	-	-	-	-
Millat Tractors Limited	22,612	-	4,522	27,134	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	99,500	-	-	99,500	-	-	-	-	-	-	-
									-	-	-
<b>Automobile Parts and Accessories</b>											
Panther Tyres Limited	236,345	345,000	91,269	672,614	-	-	-	-	-	-	-
									-	-	-
<b>Cable &amp; Electrical Goods</b>											
Waves Singer Pakistan Limited	67,500	-	-	67,500	-	-	-	-	-	-	-
									-	-	-
<b>Cement</b>											
Attock Cement Pakistan Limited *	4,900	-	-	1,800	3,100	557	431	(126)	0.03	-	0.03
Cherat Cement Company Limited	284,700	55,000	-	240,100	99,600	17,004	14,772	(2,232)	1.06	0.05	1.19
D.G. Khan Cement Company Limited	459,000	470,384	-	485,000	444,384	37,185	36,857	(328)	2.64	0.10	2.97
Fauji Cement Company Limited	320,000	-	-	75,000	245,000	5,635	4,501	(1,134)	0.32	0.02	0.36
Gharibwal Cement Limited	196,000	250,000	-	446,000	15,156	10,891	10,891	(4,265)	0.78	0.11	0.88
Kohat Cement Company Limited	125,300	7,500	-	7,000	125,800	26,080	23,726	(2,354)	1.70	0.06	1.91
Lucky Cement Limited	132,049	49,000	-	99,018	82,031	69,927	55,722	(14,205)	4.00	0.03	4.48
Maple Leaf Cement Factory Limited	677,707	1,107,000	-	610,000	1,174,707	42,510	42,231	(279)	3.03	0.11	3.40
									<b>13.56</b>	<b>0.48</b>	<b>15.22</b>
<b>Chemicals</b>											
Dynea Pakistan Limited (note 6.1.1)	80,900	-	-	15,000	65,900	14,564	14,201	(363)	1.02	0.35	1.14
Engro Polymer and Chemicals Limited	432,261	660,000	-	457,500	634,761	32,460	34,410	1,950	2.47	0.07	2.77
Ghani Global Holdings Limited	162,450	-	-	162,450	-	-	-	-	-	-	-
ICI Pakistan Limited	26,550	-	-	8,650	17,900	15,552	13,619	(1,933)	0.98	0.02	1.10
Nimir Resins Limited (note 6.1.1)	78,000	-	-	78,000	-	-	-	-	-	-	-
Sitara Chemical Industries Limited	19,500	-	-	19,500	-	-	-	-	-	-	-
									<b>4.47</b>	<b>0.44</b>	<b>5.01</b>
<b>Commercial Banks</b>											
BankIslami Pakistan Limited	857,500	2,353,000	-	-	3,210,500	39,600	41,127	1,527	2.95	0.29	3.31
Meezan Bank Limited (a related party of the Fund)	327,825	271,234	71,108	25,000	645,167	71,576	86,523	14,947	6.20	0.04	6.95
									<b>9.15</b>	<b>0.33</b>	<b>10.26</b>
<b>Engineering</b>											
Agha Steel Industries Limited	261,000	-	13,050	274,050	-	-	-	-	-	-	-
Aisha Steel Mills Limited	285,000	760,000	-	1,045,000	-	-	-	-	-	-	-
Amreli Steels Limited	-	680,000	-	-	680,000	32,428	30,437	(1,991)	2.18	0.23	2.45
International Industries Limited	201,200	-	-	201,200	-	-	-	-	-	-	-
International Steels Limited	297,000	-	-	297,000	-	-	-	-	-	-	-
Ittefaq Iron Industries Limited	915,000	717,500	-	-	1,632,500	27,300	19,541	(7,759)	1.40	1.13	1.57
Mughal Iron and Steel Industries Limited	404,020	648,400	134,613	90,000	1,097,033	98,728	114,212	15,484	8.19	0.33	9.19
									<b>11.77</b>	<b>1.69</b>	<b>13.21</b>
<b>Fertilizer</b>											
Engro Corporation Limited (note 6.1.2)	105,487	-	-	60,897	44,590	13,137	12,147	(990)	0.87	0.01	0.98
Engro Fertilizers Limited	228,348	215,000	-	50,000	393,348	29,041	29,930	889	2.15	0.03	2.41
Fauji Fertilizer Bin Qasim Limited	-	910,000	-	-	910,000	23,278	22,550	(728)	1.62	0.07	1.82
									<b>4.64</b>	<b>0.11</b>	<b>5.21</b>
<b>Food And Personal Care Products</b>											
Al-Shaheer Corporation Limited * (note 6.1.3)	7,704	-	-	-	7,704	154	104	(50)	0.01	-	0.01
At-Tahur Limited	-	485,000	34,200	350,000	169,200	4,033	3,893	(140)	0.28	0.09	0.31
Unity Foods Limited	511,000	635,000	-	1,019,980	126,020	4,548	3,336	(1,212)	0.24	0.01	0.27
									<b>0.53</b>	<b>0.10</b>	<b>0.59</b>
<b>Glass and Ceramics</b>											
Shabbir Tiles and Ceramics Limited (note 6.1.1)	1,753,000	340,000	-	-	2,093,000	68,793	48,851	(19,942)	3.50	0.87	3.93
Tariq Glass Industries Limited	76,500	-	-	76,500	-	-	-	-	-	-	-
									<b>3.50</b>	<b>0.87</b>	<b>3.93</b>
<b>Leather &amp; Tanneries</b>											
Service GlobalFootwear Limited	79,505	-	-	36,500	43,005	2,487	1,994	(493)	0.14	0.02	0.16
									<b>0.14</b>	<b>0.02</b>	<b>0.16</b>

Name of the investee company	As at July 1, 2021	Purchased during the period	Bonus / right shares	Sold during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised (diminution) / appreciation as at December 31, 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 invest- ments
----- (Number of shares) -----											
----- (Rupees in '000) -----											
-----% -----											
<b>Miscellaneous</b>											
Pakistan Aluminum Beverage Cans Limited	-	223,601	-	223,601	-	-	-	-	-	-	-
<b>Oil And Gas Exploration Companies</b>											
Mari Petroleum Company Limited	21,692	52,220	-	3,500	70,412	116,963	116,477	(486)	8.35	0.05	9.38
Oil and Gas Development Company Limited (note 6.1.2)	356,650	480,000	-	90,000	746,650	67,862	64,361	(3,501)	4.61	0.02	5.18
Pakistan Oilfields Limited	66,667	-	-	26,000	40,667	16,017	14,543	(1,474)	1.04	0.01	1.17
Pakistan Petroleum Limited	580,428	297,413	-	100,000	777,841	65,815	61,481	(4,334)	4.41	0.03	4.95
									<b>18.41</b>	<b>0.11</b>	<b>20.68</b>
<b>Oil And Gas Marketing Companies</b>											
Pakistan State Oil Company Limited (note 6.1.3)	193,861	42,000	-	62,000	173,861	37,886	31,624	(6,262)	2.27	0.04	2.55
Sui Northern Gas Pipelines Limited	641,400	385,000	-	518,554	507,846	24,094	16,987	(7,107)	1.22	0.08	1.37
									<b>3.49</b>	<b>0.12</b>	<b>3.92</b>
<b>Paper and Board</b>											
Century Paper and Board Mills Limited	304,100	-	32,100	90,100	246,100	26,123	19,467	(6,656)	1.40	0.12	1.57
Packages Limited	45,100	-	-	4,800	40,300	21,972	20,040	(1,932)	1.44	0.05	1.61
Roshan Packages Limited	200,000	-	-	-	200,000	6,588	3,918	(2,670)	0.28	0.14	0.32
Security Papers Limited	90,500	-	-	90,500	-	-	-	-	-	-	-
									<b>3.12</b>	<b>0.31</b>	<b>3.50</b>
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	50	-	-	50	-	-	-	-	-	-	-
AGP Limited	136,100	-	-	136,100	-	-	-	-	-	-	-
Ferozsons Laboratories Limited	38,300	-	-	38,300	-	-	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare	22,100	-	-	-	22,100	5,527	5,327	(200)	0.38	0.02	0.43
BL Healthcare Limited	444,000	6,500	78,800	56,000	473,300	43,702	33,178	(10,524)	2.38	0.73	2.67
The Searle Company Limited (note 6.1.3)	142,661	-	31,248	98,500	75,409	14,074	10,838	(3,236)	0.78	0.02	0.87
									<b>3.54</b>	<b>0.77</b>	<b>3.97</b>
<b>Power Generation And Distribution</b>											
The Hub Pow er Company Limited	797	150,000	-	-	150,797	11,653	10,758	(895)	0.77	0.01	0.87
K-Electric Limited (note 6.1.1)	2,579,500	1,000,000	-	-	3,579,500	14,208	12,313	(1,895)	0.88	0.01	0.99
									<b>1.65</b>	<b>0.02</b>	<b>1.86</b>
<b>Refinery</b>											
Attock Refinery Limited	90,000	-	-	90,000	-	-	-	-	-	-	-
Cnergyco PK Limited (Formerly Byco Petroleum Pakistan Limited)	2,590,000	3,920,000	-	2,612,000	3,898,000	37,211	26,545	(10,666)	1.90	0.07	2.14
Pakistan Refinery Limited	-	540,000	-	540,000	-	-	-	-	-	-	-
									<b>1.90</b>	<b>0.07</b>	<b>2.14</b>
<b>Technology and Communication</b>											
Air Link Communication Limited	-	318,500	10,237	232,000	96,737	6,434	5,617	(817)	0.40	0.02	0.45
Avanceon Limited	424,400	110,000	-	500,000	34,400	3,335	3,135	(200)	0.22	0.01	0.25
Netsol Technologies Limited	-	65,000	-	65,000	-	-	-	-	-	-	-
Octopus Digital Limited	-	75,524	-	50,000	25,524	1,036	1,985	949	0.14	0.02	0.16
Systems Limited	69,630	-	-	7,000	62,630	35,086	47,588	12,502	3.41	0.05	3.83
Worldcall Telecom Limited	3,050,000	5,000,000	-	-	8,050,000	27,684	16,744	(10,940)	1.20	0.45	1.35
									<b>5.37</b>	<b>0.55</b>	<b>6.04</b>
<b>Textile Composite</b>											
Feroze1888 Mills Limited	60,000	3,600	-	-	63,600	6,283	4,649	(1,634)	0.33	0.02	0.37
Interloop Limited	397,712	-	11,931	70,000	339,643	23,092	24,689	1,597	1.77	0.04	1.99
Kohinoor Textile Mills Limited	214,000	61,500	-	15,000	260,500	20,202	18,084	(2,118)	1.30	0.09	1.46
Nishat Mills Limited	197,500	50,000	-	171,800	75,700	7,113	6,024	(1,089)	0.43	0.02	0.48
									<b>3.83</b>	<b>0.17</b>	<b>4.30</b>
<b>Rights certificates</b>											
<b>Food And Personal Care Products</b>											
Unity Foods Limited *	-	-	25,354	-	25,354	-	27	27	-	0.01	-
									-	<b>0.01</b>	-
<b>Total as at December 31, 2021</b>						<b>1,331,693</b>	<b>1,242,405</b>	<b>(89,288)</b>	<b>89.07</b>	<b>100.00</b>	
<b>Total as at June 30, 2021</b>						<b>1,226,396</b>	<b>1,423,402</b>	<b>197,006</b>	<b>85.12</b>	<b>100.00</b>	

\* Nil figures due to rounding off

- 6.1.1** All shares have a nominal value of Rs 10 each except for the shares of K-Electric Limited which have a nominal value of Rs 3.5 each and Shabbir Tiles and Ceramics Limited, Nimir Resins Limited and Dynea Pakistan Limited which have a nominal value of Rs 5 each.
- 6.1.2** Investments include 40,000 shares (June 30, 2021: 60,000 shares) of Engro Corporation Limited and 100,000 shares (June 30, 2021: 100,000 shares) of Oil and Gas Development Company Limited having market value of Rs 10.897 million and Rs 8.620 million (June 30, 2021: Rs 17.676 million and Rs. 9.503 million) respectively as at December 31, 2021, 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 had 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 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 period were not withheld by the investee companies.

As at December 31, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.551 million (June 30, 2021: Rs. 1.990 million).

	Note	December 31, 2021 (Unaudited) (Rupees in '000)	June 30, 2021 (Audited)
<b>7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Remuneration payable	7.1	284	137
Sindh Sales Tax payable on remuneration of the Management Company		37	18
Allocated expenses payable	7.2	129	152
Selling and marketing expenses payable	7.3	4,605	3,991
Sales load payable		56	182
Sindh Sales Tax payable on sales load		7	24
		<u>5,118</u>	<u>4,504</u>

- 7.1** As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1.5% (December 31, 2020: 1.5%) per annum of the average annual net assets of the Fund during the period ended December 31, 2021. The remuneration is payable to the Management Company monthly in arrears.

- 7.2** 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 such expenses at the rate of 0.11% (December 31, 2020: 0.1%) of the average annual net assets of the Fund during the period ended December 31, 2021, subject to total expense charged being lower than actual expense incurred.

- 7.3** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of 1% (December 31, 2020: 0.4%) per annum of the average annual net assets of the Fund during the period ended December 31, 2021, subject to total expense charged being lower than actual expense incurred.

8. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		(Rupees in '000)	
Auditors' remuneration payable		195	195
Brokerage payable		1,843	1,675
Shariah advisor fee payable		267	269
Charity payable		1,055	1,997
Provision for Sindh Workers' Welfare Fund (SWWF)	8.1	-	21,839
Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	8.2	482	482
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	8.2	145	145
Withholding tax payable		183	177
Capital gain tax payable		166	595
Zakat payable		-	46
		<u>4,336</u>	<u>27,420</u>

- 8.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 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 taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the condensed interim financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution, the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 0.627 million is being retained in these condensed interim financial statements as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value per unit of the Fund as at December 31, 2021 would have been higher by Re 0.02 (June 30, 2021: Re 0.02) per unit.

## 9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

## 10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

Transactions with connected persons 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 also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.

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

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

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

### Balances

	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	284	137
Sindh Sales Tax payable on remuneration of the Management Company	37	18
Allocated expenses payable	129	152
Selling and marketing expenses payable	4,605	3,991
Sales load payable	56	182
Sindh Sales Tax payable on sales load	7	24
<b>Meezan Bank Limited</b>		
Sales load payable	2	43
Sindh Sales Tax on sales load payable	-	6
Bank balances	61,661	56,325
Profit receivable on savings account	51	84
Investment of 645,167 shares (June 30, 2021: 327,825 shares)	86,523	37,834
Shariah advisor fee payable	267	269





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

Remuneration payable  
Sindh Sales Tax payable on remuneration of the Trustee  
Security deposit

December 31, 2021 (Unaudited) (Rupees in '000)	June 30, 2021 (Audited) (Rupees in '000)
196	213
25	28
100	100

**Directors and Executives of the Management Company**

Investment of 622,470 units (June 30, 2021: 991,743 units)

28,537	49,052
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**Unit holders holding 10% or more of units of the Fund**

Investment of 3,520,814 units (June 30, 2021: 3,520,814 units)

161,411	174,140
---------	---------

**For the six months period  
ended December 31,**

**Transactions during the period**

**Al Meezan Investment Management Limited - Management Company**

Remuneration of the Management Company  
Sindh Sales Tax on remuneration of the Management Company  
Allocated expenses  
Selling and marketing expenses

2021 (Unaudited)	2020 (Unaudited)
11,672	11,229
1,517	1,460
856	749
7,781	2,994

**Meezan Bank Limited**

Profit on savings account  
Shares purchased: 271,234 shares (December 31, 2020: 7,017 shares)  
Shares sold: 25,000 shares (December 31, 2020: 24,000 shares)  
Bonus shares received: 71,108 shares (December 31, 2020: 55,344 shares)  
Dividend income

344	251
36,646	653
3,990	2,514
-	-
1,596	2,463

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

Remuneration of the Trustee  
Sindh Sales Tax on remuneration of the Trustee  
CDS charges

1,282	1,253
167	163
85	31

**Directors and Executives of the Management Company**

Units issued: 570,362 units (December 31, 2020: 755,724 units)  
Units redeemed: 939,635 units (December 31, 2020: 537,724 units)

27,128	31,953
46,721	22,275

**11. 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 Fund has incurred net loss during the current period, therefore no provision for taxation has been made in these condensed interim financial statements.

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.

**12. TOTAL EXPENSE RATIO**

The annualised total expense ratio (TER) of the Fund as at December 31, 2021 based on current period results is 3.66% (December 31, 2020: 3.41%) which includes 0.28% (December 31, 2020: 0.69%) representing government levies on the Fund such as 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'.

### 13. 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.

#### 13.1 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 December 31, 2021 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	(Rupees in '000)			

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

Shares of listed companies - 'ordinary shares'	1,242,405	-	-	1,242,405
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	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	(Rupees in '000)			

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

Shares of listed companies - 'ordinary shares'	1,423,402	-	-	1,423,402
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### 14. GENERAL

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

### 15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 14, 2022 by the Board of Directors of the Management Company.

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

Chief Executive

Chief Financial Officer

Director

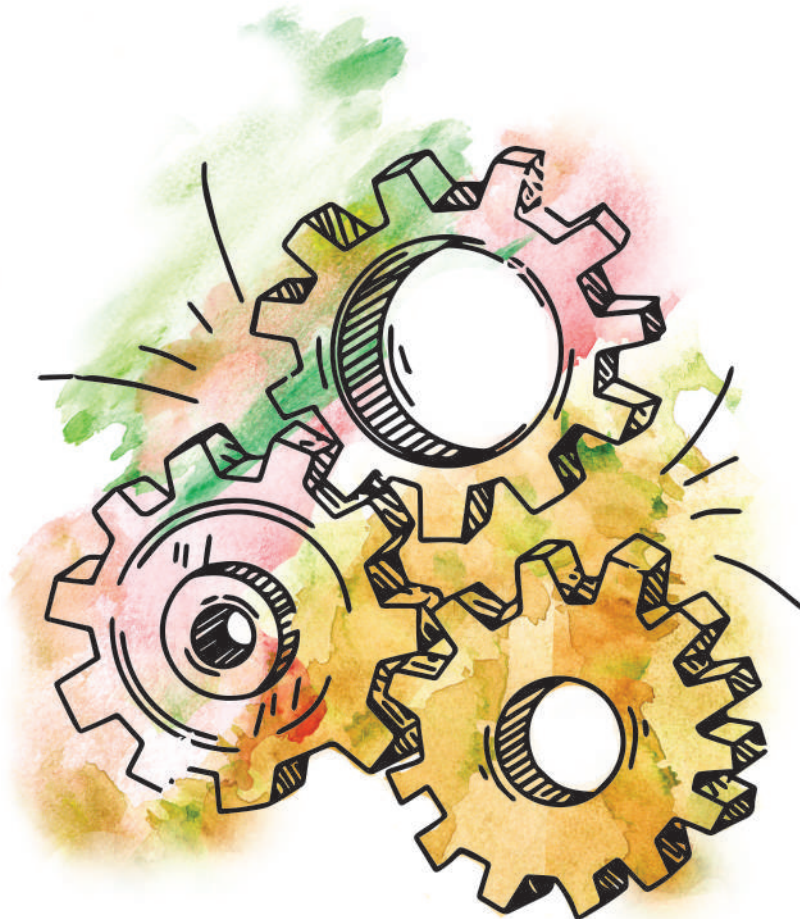


**Al Meezan**  
Investment Management Ltd.

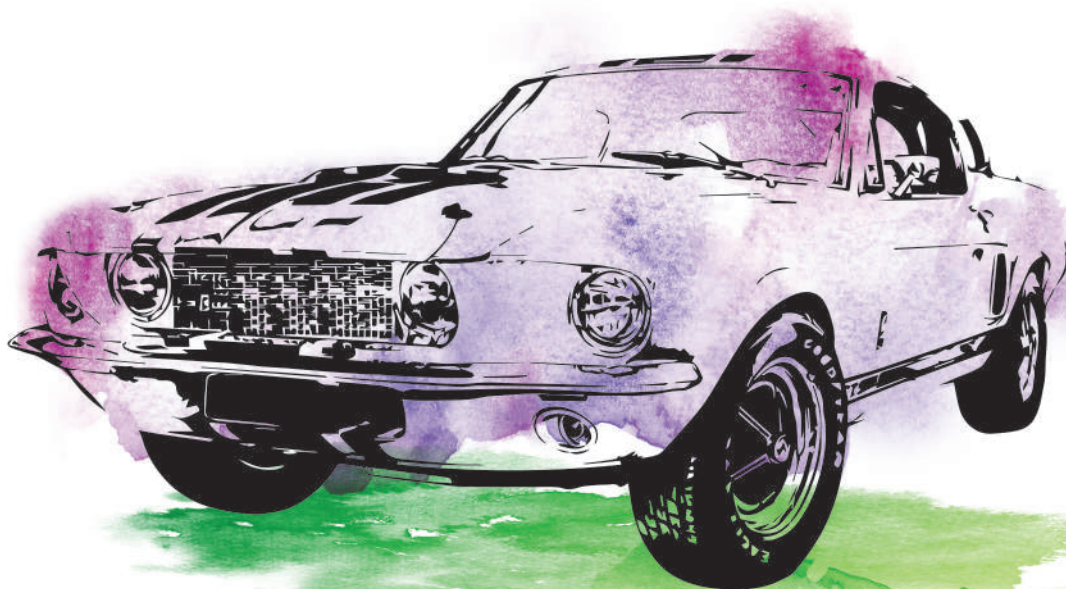
# MEEZAN

## DEDICATED EQUITY FUND (MDEF)

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



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





# FUND INFORMATION

## MANAGEMENT COMPANY

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

## COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Salman Muslim

## CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Shahid Ojha

## AUDIT COMMITTEE

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

## RISK MANAGEMENT COMMITTEE

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

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## TRUSTEE

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

## AUDITORS

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

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

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

## LEGAL ADVISER

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

**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi - 74400, Pakistan.  
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URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN DEDICATED EQUITY FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Dedicated Equity Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 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, February 23, 2022





## REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Dedicated Equity Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2021. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

*A.F. Ferguson & Co.*

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Khattab Muhammad Akhi Baig**

Date: February 26, 2022

Karachi

**MEEZAN DEDICATED EQUITY FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT DECEMBER 31, 2021**



**Meezan**  
Dedicated Equity Fund

		<b>December 31, 2021 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2021 (Audited)</b>
	<b>Note</b>		
<b>Assets</b>			
Balances with banks	5	26,951	10,265
Investments	6	848,104	990,186
Receivable against sale of investments		3,471	2,485
Dividend receivable		55	3,639
Advances, prepayments and other receivables		2,970	17,859
<b>Total assets</b>		<b>881,551</b>	<b>1,024,434</b>
<b>Liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company	7	1,529	1,259
Payable to Central Depository Company of Pakistan Limited - Trustee		195	193
Payable to the Securities and Exchange Commission of Pakistan		94	177
Payable against purchase of investments		6,529	8
Accrued expenses and other liabilities	8	3,191	7,453
<b>Total liabilities</b>		<b>11,538</b>	<b>9,090</b>
<b>Net assets</b>		<b>870,013</b>	<b>1,015,344</b>
<b>Contingencies and commitments</b>	9		
<b>Unit holders' fund (as per statement attached)</b>		<b>870,013</b>	<b>1,015,344</b>
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>19,620,547</b>	<b>21,646,065</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>44.3419</b>	<b>46.9066</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

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

**MEEZAN DEDICATED EQUITY FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

	Note	Six months period ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
		(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised (loss) / gain on sale of investments		(19,984)	24,892	(16,648)	12,546
Dividend income		29,608	18,505	17,028	14,103
Profit on savings accounts with banks		535	297	292	168
		<u>10,159</u>	<u>43,694</u>	<u>672</u>	<u>26,817</u>
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1	(51,378)	151,154	(1,611)	55,302
<b>Total (loss) / income</b>		<u>(41,219)</u>	<u>194,848</u>	<u>(939)</u>	<u>82,119</u>
<b>Expenses</b>					
Remuneration of Al Meezan Investment Management Limited - Management Company	7.1	9,439	8,007	4,457	4,240
Sindh Sales Tax on remuneration of the Management Company		1,227	1,041	579	551
Allocated expenses	7.2	519	400	245	212
Selling and marketing expenses	7.3	1,888	1,601	892	848
Remuneration of Central Depository Company of Pakistan Limited - Trustee		960	802	463	322
Sindh Sales Tax on remuneration of the Trustee		125	104	60	42
Annual fee to the Securities and Exchange Commission of Pakistan		94	80	44	42
Auditors' remuneration		235	125	132	72
Fees and subscription		288	281	147	144
Brokerage expenses		824	1,449	361	884
Bank and settlement charges		210	95	107	76
Charity expense		765	575	356	448
Legal and professional charges		184	-	-	-
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	8.1	(4,997)	3,606	-	1,485
<b>Total expenses</b>		<u>11,761</u>	<u>18,166</u>	<u>7,843</u>	<u>9,366</u>
<b>Net (loss) / income for the period before taxation</b>		<u>(52,980)</u>	<u>176,682</u>	<u>(8,782)</u>	<u>72,753</u>
Taxation	12	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		<u>(52,980)</u>	<u>176,682</u>	<u>(8,782)</u>	<u>72,753</u>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		-	176,682		
Income already paid on units redeemed		-	(21,109)		
		<u>-</u>	<u>155,573</u>		
<b>Accounting income available for distribution</b>					
- Relating to capital gains		-	155,573		
- Excluding capital gains		-	-		
		<u>-</u>	<u>155,573</u>		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN DEDICATED EQUITY FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2021**

	Six months period ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	(Rupees in '000)		(Rupees in '000)	
Net (loss) / income for the period after taxation	(52,980)	176,682	(8,782)	72,753
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(52,980)</u>	<u>176,682</u>	<u>(8,782)</u>	<u>72,753</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director

**MEEZAN DEDICATED EQUITY FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Six months period ended December 31, 2021			Six months period ended December 31, 2020		
	Capital Value	Accumu- lated loss	Total	Capital Value	Accumu- lated loss	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the period</b>	1,621,443	(606,099)	1,015,344	1,410,246	(791,231)	619,015
Issuance of 474,752 units (2020: 10,014,718 units)						
- Capital value (at net asset value per unit at the beginning of the period)	22,269	-	22,269	346,553	-	346,553
- Element of (loss) / income	(470)	-	(470)	54,548	-	54,548
Total proceeds on issuance of units	21,799	-	21,799	401,101	-	401,101
Redemption of 2,500,270 units (2020: 6,244,917 units)						
- Capital value (at net asset value per unit at the beginning of the period)	117,279	-	117,279	216,102	-	216,102
- Element of (income) / loss	(3,129)	-	(3,129)	11,108	21,109	32,217
Total payments on redemption of units	114,150	-	114,150	227,210	21,109	248,319
Total comprehensive (loss) / income for the period	-	(52,980)	(52,980)	-	176,682	176,682
Distribution during the period	-	-	-	-	-	-
<b>Net (loss) / income for the period less distribution</b>	-	(52,980)	(52,980)	-	176,682	176,682
<b>Net assets at the end of the period</b>	<u>1,529,092</u>	<u>(659,079)</u>	<u>870,013</u>	<u>1,584,137</u>	<u>(635,658)</u>	<u>948,479</u>
<b>Accumulated loss brought forward</b>						
- Realised loss		(757,234)			(821,914)	
- Unrealised income		151,135			30,683	
		<u>(606,099)</u>			<u>(791,231)</u>	
<b>Accounting income available for distribution</b>						
- Relating to capital gains	-			155,573		
- Excluding capital gains	-			-		
				155,573		
Net loss for the period after taxation		(52,980)			-	
Accumulated loss carried forward		<u>(659,079)</u>			<u>(635,658)</u>	
<b>Accumulated loss carried forward</b>						
- Realised loss		(607,701)			(786,812)	
- Unrealised (loss) / income		(51,378)			151,154	
		<u>(659,079)</u>			<u>(635,658)</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the period		<u>46.9066</u>			<u>34.6044</u>	
Net asset value per unit at the end of the period		<u>44.3419</u>			<u>43.7932</u>	

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN DEDICATED EQUITY FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**



**Meezan**  
Dedicated Equity Fund

		Six months period ended December 31,	
	Note	2021	2020
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period before taxation		(52,980)	176,682
<b>Adjustments for:</b>			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1	51,378 (1,602)	(151,154) 25,528
<b>Decrease / (increase) in assets</b>			
Investments - net		90,704	(185,613)
Dividend receivable		3,584	(6,726)
Receivable against sale of investments		(986)	(7,960)
Advances, prepayments and other receivables		14,889	(22)
		108,191	(200,321)
<b>Increase / (decrease) in liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company		270	(650)
Payable to Central Depository Company of Pakistan Limited - Trustee		2	66
Payable to the Securities and Exchange Commission of Pakistan		(83)	(129)
Payable against purchase of investments		6,521	5,769
Accrued expenses and other liabilities		(4,262)	4,121
		2,448	9,177
<b>Net cash generated from / (used in) operating activities</b>		109,037	(165,616)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance of units and conversion of units		21,799	401,101
Payments against redemption of units and conversion of units		(114,150)	(248,355)
<b>Net cash (used in) / generated from financing activities</b>		(92,351)	152,746
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>		16,686	(12,870)
Cash and cash equivalents at the beginning of the period		10,265	22,127
<b>Cash and cash equivalents at the end of the period</b>	5	26,951	9,257

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director



**MEEZAN DEDICATED EQUITY FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Dedicated Equity Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on October 9, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 18, 2017 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Fund has been formed to enable the unit holders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is an open-end Shariah Compliant Equity Scheme. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange.
- 1.4** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 27, 2021 (2020: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2021 (2020: 'AM1' dated June 26, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2. BASIS OF PRESENTATION**

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

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 International Accounting Standard (IAS) 34, Interim Financial Reporting, 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.

The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT POLICIES**

**4.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

**4.2** The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2021.

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

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, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

<b>5. BALANCES WITH BANKS</b>	<b>Note</b>	<b>December 31, 2021 (Unaudited)</b>	<b>June 30, 2021 (Audited)</b>
		<b>(Rupees in '000)</b>	
Balances with banks in :			
Savings accounts	5.1	25,241	9,104
Current accounts		1,710	1,161
		<u>26,951</u>	<u>10,265</u>

**5.1** This includes a balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 2.50% (June 30, 2021: 2.50%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 2.35% to 11.50% (June 30, 2021: 2.24% to 7.20%) per annum.

<b>6. INVESTMENTS</b>	<b>Note</b>	<b>December 31, 2021 (Unaudited)</b>	<b>June 30, 2021 (Audited)</b>
		<b>(Rupees in '000)</b>	
<b>At fair value through profit or loss</b>			
Shares of listed companies - 'ordinary shares'	6.1	<u>848,104</u>	<u>990,186</u>

Name of the investee company	As at July 1, 2021	Purchased during the period	Bonus / right shares	Sold / exercised during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised (diminution) / appreciation as at December 31, 2021	Percentage in relation to		
									Net assets of the Fund	Paid up capital of investee company (with face value of investment)	Total market value of investments
Number of shares						(Rupees in '000)		%			
Automobile Assembler											
Gandhara Nissan Limited	-	60,000	-	60,000	-	-	-	-	-	-	-
Millat Tractors Limited	14,231	-	2,846	5,000	12,077	10,866	10,413	(453)	1.20	0.02	1.23
Pak Suzuki Motor Company Limited	33,000	-	-	33,000	-	-	-	-	-	-	-
									1.20	0.02	1.23
Automobile Parts and Accessories											
Panther Tyres Limited	11,328	125,000	27,265	140,000	23,593	1,434	985	(449)	0.11	0.01	0.12
									0.11	0.01	0.12
Commercial Banks											
BankIslami Pakistan Limited	307,000	305,000	-	-	612,000	7,417	7,840	423	0.90	0.06	0.92
Meezan Bank Limited (a related party of the Fund)	440,505	25,000	61,575	30,000	497,080	50,576	66,663	16,087	7.66	0.03	7.86
									8.56	0.09	8.78
Cement											
Cherat Cement Company Limited	141,100	30,000	-	106,100	65,000	10,824	9,640	(1,184)	1.11	0.03	1.14
D.G. Khan Cement Company Limited	244,252	185,000	-	230,599	198,653	17,333	16,476	(856)	1.89	0.05	1.94
Fauji Cement Company Limited	200,000	100,000	-	70,000	230,000	4,839	4,225	(614)	0.49	0.02	0.50
Kohat Cement Company Limited	162,270	-	-	2,600	159,670	32,970	30,114	(2,856)	3.46	0.08	3.55
Lucky Cement Limited	109,900	12,000	-	29,000	92,900	79,076	63,105	(15,971)	7.25	0.03	7.44
Maple Leaf Cement Factory Limited	665,000	435,000	-	366,000	734,000	29,526	26,387	(3,139)	3.03	0.07	3.11
									17.23	0.28	17.68
Chemical											
Dyneema Pakistan Limited (note 6.1.1)	20,000	-	-	600	19,400	4,287	4,181	(107)	0.48	0.10	0.49
Engro Polymer and Chemicals Limited	346,144	168,500	-	90,000	424,644	20,863	23,020	2,157	2.65	0.05	2.71
ICI Pakistan Limited	24,350	-	-	8,650	15,700	13,640	11,945	(1,695)	1.37	0.02	1.41
Nimir Resins Limited (note 6.1.1)	7,500	-	-	7,500	-	-	-	-	-	-	-
Sitara Chemical Industries Limited	14,500	-	-	14,500	-	-	-	-	-	-	-
									4.50	0.17	4.61
Engineering											
Agha Steel Industries Limited	54,500	-	2,725	57,225	-	-	-	-	-	-	-
Aisha Steel Mills Limited	110,000	300,000	-	410,000	-	-	-	-	-	-	-
Amreli Steels Limited	-	250,000	-	-	250,000	11,708	11,190	(518)	1.29	0.08	1.32
International Industries Limited **	76,700	-	-	70,500	6,200	1,308	861	(448)	0.10	-	0.10
Ittefaq Iron Industries Limited	375,000	-	-	-	375,000	7,106	4,489	(2,618)	0.52	0.26	0.53
International Steels Limited	112,000	-	-	86,336	25,664	2,397	1,697	(700)	0.20	0.01	0.20
Mughal Iron and Steel Industries Limited	117,300	115,000	31,095	25,000	238,395	22,382	24,819	2,437	2.85	0.07	2.93
									4.96	0.42	5.08
Fertilizer											
Engro Corporation Limited (note 6.1.2)	147,534	-	-	10,000	137,534	40,519	37,467	(3,052)	4.31	0.02	4.42
Engro Fertilizers Limited	229,387	135,000	-	-	364,387	26,294	27,726	1,432	3.19	0.03	3.27
Fauji Fertilizer Bin Qasim Limited	-	455,500	-	-	455,500	11,669	11,287	(382)	1.30	0.04	1.33
									8.80	0.09	9.02
Food And Personal Care Products											
At-Tahur Limited	-	160,000	19,200	-	179,200	4,117	4,123	6	0.47	0.09	0.49
Unity Foods Limited	345,000	-	-	325,000	20,000	890	529	(361)	0.06	-	0.06
									0.53	0.09	0.55
Glass And Ceramics											
Shabbir Tiles & Ceramics Limited (note 6.1.1)	537,500	-	-	-	537,500	17,926	12,545	(5,380)	1.44	0.22	1.48
Ghani Glass Limited	97,650	-	-	97,650	-	-	-	-	-	-	-
									1.44	0.22	1.48
Leather & Tanneries											
Service GlobalFootwear Limited	46,113	-	-	5,000	41,113	2,378	1,906	(472)	0.22	0.02	0.22
									0.22	0.02	0.22
Miscellaneous											
Pakistan Aluminum Beverage Cans Limited	-	139,999	-	139,999	-	-	-	-	-	-	-



Name of the investee company	As at July 1, 2021	Purchased during the period	Bonus / right shares	Sold / exercised during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised (diminution) / appreciation as at December 31, 2021	Percentage in relation to		
									Net assets of the Fund	Paid up capital of investee company (with face value of investment)	Total market value of investments
Number of shares						(Rupees in '000)		%			
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	40,848	11,000	-	-	51,848	81,268	85,769	4,501	9.86	0.04	10.11
Oil & Gas Development Company Limited (note 6.1.2)	524,295	55,000	-	-	579,295	54,495	49,935	(4,560)	5.74	0.01	5.89
Pakistan Oilfields Limited	57,760	-	-	-	57,760	22,749	20,656	(2,093)	2.37	0.02	2.44
Pakistan Petroleum Limited	532,452	50,000	-	-	582,452	50,023	46,037	(3,986)	5.29	0.02	5.43
									23.26	0.09	23.87
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited (note 6.1.3)	197,971	11,991	-	60,890	149,072	32,756	27,115	(5,641)	3.12	0.03	3.20
Sui Northern Gas Pipelines Limited	361,735	100,000	-	100,000	361,735	17,870	12,100	(5,770)	1.39	0.06	1.43
									4.51	0.09	4.63
Paper & Board											
Century Paper and Board Mills Limited	110,000	-	16,500	-	126,500	13,428	10,006	(3,422)	1.15	0.06	1.18
Packages Limited	40,250	-	-	5,500	34,750	18,946	17,280	(1,666)	1.99	0.04	2.04
Roshan Packages Limited	106,500	-	-	50,000	56,500	1,861	1,107	(754)	0.13	0.04	0.13
Security Papers Limited	10,000	-	-	10,000	-	-	-	-	-	-	-
									3.27	0.14	3.35
Pharmaceuticals											
AGP Limited	95,000	-	-	95,000	-	-	-	-	-	-	-
Ferozsons Laboratories Limited **	120	-	-	-	120	42	39	(3)	-	-	-
GlaxoSmithKline Consumer Healthcare	9,200	-	-	-	9,200	2,301	2,218	(83)	0.25	0.01	0.26
IBL Healthcare Limited	103,000	-	16,600	20,000	99,600	9,224	6,982	(2,242)	0.80	0.15	0.82
The Searle Company Limited	88,732	-	20,121	26,660	82,193	15,340	11,813	(3,527)	1.36	0.03	1.39
									2.41	0.19	2.47
Power Generation & Distribution											
K-Electric Limited (note 6.1.1)	2,998,500	-	-	-	2,998,500	12,534	10,315	(2,219)	1.19	0.01	1.22
The Hub Pow er Company Limited	376,655	60,000	-	-	436,655	34,673	31,151	(3,522)	3.58	0.03	3.67
									4.77	0.04	4.89
Refinery											
Attock Refinery Limited	35,000	-	-	35,000	-	-	-	-	-	-	-
Cnergycio PK Limited (Formerly Byco Petroleum Pakistan Limited)	1,060,000	530,000	-	428,000	1,162,000	12,629	7,913	(4,716)	0.91	0.02	0.93
Pakistan Refinery Limited	-	135,000	-	135,000	-	-	-	-	-	-	-
									0.91	0.02	0.93
Technology & Communication											
Air Link Communication Limited	-	194,250	6,243	127,000	73,493	4,888	4,267	(621)	0.49	0.02	0.50
Avanceon Limited	196,080	50,000	-	221,080	25,000	2,103	2,278	175	0.26	0.01	0.27
Octopus Digital Limited	-	75,001	-	50,000	25,001	1,015	1,944	929	0.22	0.02	0.23
Systems Limited	58,870	-	-	8,000	50,870	28,498	38,653	10,155	4.44	0.04	4.56
Worldcall Telecom Limited	650,000	-	-	-	650,000	2,574	1,352	(1,222)	0.16	0.04	0.16
									5.57	0.13	5.72
Textile Composite											
Feroze1888 Mills Limited	43,300	2,598	-	-	45,898	4,534	3,355	(1,179)	0.39	0.01	0.40
Interloop Limited	310,882	-	9,326	-	320,208	21,771	23,276	1,505	2.68	0.04	2.74
Kohinoor Textile Mills Limited	90,000	36,500	-	-	126,500	9,746	8,782	(964)	1.01	0.04	1.04
Nishat Mills Limited	127,200	-	-	-	127,200	11,868	10,123	(1,745)	1.16	0.04	1.19
									5.24	0.13	5.37
Right certificates											
Textile Composite											
Feroze1888 Mills Limited *	-	-	2,598	2,598	-	-	-	-	-	-	-
									-	-	-
Food & Personal Care Products											
Unity Foods Limited **	-	-	4,023	-	4,023	-	4	4	-	-	-
									-	-	-
Total as at December 31, 2021						899,482	848,104	(51,378)	97.49	100.00	
Total as at June 30, 2021						839,051	990,186	151,135	97.51	100.00	

\*\* Nil figures due to rounding off difference

- 6.1.1** All shares have a nominal value of Rs. 10 each except for the shares of K-Electric Limited which have a nominal value of Rs. 3.50 each and Dynea Pakistan Limited, Nimir Resins Limited and Shabbir Tiles & Ceramics Limited having a nominal value of Rs. 5 each.
- 6.1.2** Investments include 100,000 shares (June 30, 2021: 100,000 shares) of Engro Corporation Limited and 120,000 shares (June 30, 2021: 120,000 shares) of Oil and Gas Development Company Limited having market value of Rs. 27.242 million and Rs. 10.344 million (June 30, 2021: Rs. 29.461 million and Rs. 11.403 million) respectively as at December 31, 2021, 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 had 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 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 period were not withheld by the investee companies.

As at December 31, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.296 million (June 30, 2021: Rs. 0.365 million).

7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		(Rupees in '000)	
Remuneration payable	7.1	247	121
Sindh Sales Tax payable on remuneration of the Management Company		32	16
Allocated expenses payable	7.2	130	148
Selling and marketing expenses payable	7.3	1,120	974
		<u>1,529</u>	<u>1,259</u>

- 7.1** As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (December 31, 2020: 2%) per annum of the average annual net assets of the Fund during the period ended December 31, 2021. The remuneration is payable to the Management Company monthly in arrears.
- 7.2** 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 such expenses at the rate of 0.11% (December 31, 2020: 0.1%) of the average annual net assets of the Fund during the period ended December 31, 2021, subject to total expense charged being lower than actual expense incurred.

- 7.3** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of 0.4% (December 31, 2020: 0.4%) per annum of the average annual net assets of the Fund during the period ended December 31, 2021, subject to total expense charged being lower than actual expense incurred.

	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
(Rupees in '000)			
Auditors' remuneration payable		176	170
Withholding tax payable		110	81
Printing charges payable		69	69
Brokerage payable		1,014	683
Charity payable		1,554	1,189
Provision for Sindh Worker's Welfare Fund	8.1	-	4,997
Shariah advisor fee payable		268	264
		<u>3,191</u>	<u>7,453</u>

- 8.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 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 taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the condensed interim financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

## **9. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

## **10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

Transactions with connected persons 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 also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.



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

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

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

	December 31, 2021 (Unaudited) (Rupees in '000)	June 30, 2021 (Audited)
<b>Balances</b>		
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	247	121
Sindh Sales Tax payable on remuneration of the Management Company	32	16
Selling and marketing expenses payable	1,120	974
Allocated expenses payable	130	148
<b>Meezan Bank Limited</b>		
Balances with bank	2,850	1,658
Profit receivable on savings account	5	6
Investment of 497,080 shares (June 30, 2021: 440,505 shares)	66,663	50,839
Shariah advisor fee payable	268	264
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	173	171
Sindh Sales Tax payable on remuneration of the Trustee	22	22
Security deposit	103	103
<b>Meezan Financial Planning Fund of Funds - MAAP I</b>		
Investment of 1,253,414 units (June 30, 2021: 1,253,414 units)	55,579	58,793
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Investment of 3,313,498 units (June 30, 2021: 3,396,951 units)	146,927	159,339
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Investment of 396,165 units (June 30, 2021: 396,165 units)	17,567	18,583
<b>Meezan Strategic Allocation Fund - MSAP - III</b>		
Investment of 3,295,552 units (June 30, 2021: 3,295,552 units)	146,131	154,583
<b>Meezan Strategic Allocation Fund - MSAP - IV</b>		
Investment of 2,113,441 units (June 30, 2021: 2,371,642 units)	93,714	111,246
<b>Meezan Strategic Allocation Fund - MSAP - V</b>		
Investment of 898,076 units (June 30, 2021: 898,076 units)	39,822	42,126
<b>Meezan Strategic Allocation Fund - MCPP-III</b>		
Investment of 677,456 units (June 30, 2021: 1,066,314 units)	30,040	50,017
<b>Meezan Strategic Allocation Fund II - MCPP-IV</b>		
Investment of 6,491,784 units (June 30, 2021: 7,491,425 units)	287,858	351,397
<b>Meezan Strategic Allocation Fund II - MCPP-V</b>		
Investment of 191,419 units (June 30, 2021: 329,431 units)	8,488	15,452
<b>Meezan Strategic Allocation Fund II - MCPP-VII</b>		
Investment of 118,041 units (June 30, 2021: 181,851 units)	5,234	8,530
<b>Meezan Strategic Allocation Fund III - MCPP-IX</b>		
Investment of 871,701 units (June 30, 2021: 965,243 units)	38,653	45,276



**Six months period ended  
December 31,**

**2021                      2020**  
**(Unaudited)**  
**(Rupees in '000)**

**Transactions during the period**

**Al Meezan Investment Management Limited - Management Company**

Remuneration of the Management Company	9,439	8,007
Sindh Sales Tax on remuneration of the Management Company	1,227	1,041
Allocated expenses	519	400
Selling and marketing expenses	1,888	1,601

**Meezan Bank Limited**

Profit on savings account	36	76
Shares purchased: 25,000 shares (December 31, 2020: 125,900 shares)	3,200	10,578
Shares sold: 30,000 shares (December 31, 2020: 20,000 shares)	4,726	1,987
Bonus shares received: 61,575 shares (December 31, 2020: 33,600 shares)	-	-
Shariah advisor fee	274	269
Dividend income	1,361	1,662

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

Remuneration of the Trustee	960	802
Sindh Sales Tax on remuneration of the Trustee	125	104
CDS charges	29	32

**Meezan Financial Planning Fund of Funds - MAAP - I**

Units redeemed: nil units (December 31, 2020: 207,677 units)	-	9,000
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**Meezan Strategic Allocation Fund - MSAP - I**

Units redeemed: 83,453 units (December 31, 2020: 1,909,091 units)	3,313	74,000
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**Meezan Strategic Allocation Fund - MSAP - II**

Units issued: nil units (December 31, 2020: 96,045 units)	-	4,000
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**Meezan Strategic Allocation Fund - MSAP - IV**

Units redeemed: 258,201 units (December 31, 2020: nil)	12,250	-
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**Meezan Strategic Allocation Fund - MCPP - III**

Units issued: 195,535 units (December 31, 2020: nil units)	9,000	-
Units redeemed: 584,393 units (December 31, 2020: nil units)	26,050	-

**Meezan Strategic Allocation Fund II - MCPP - IV**

Units issued: 86,412 units (December 31, 2020: 8,625,952 units)	4,000	344,550
Units redeemed: 1,086,053 units (December 31, 2020: 3,204,761 units)	50,000	128,786

**Meezan Strategic Allocation Fund II - MCPP - V**

Units issued: 82,941 units (December 31, 2020: 500,654 units)	3,800	21,350
Units redeemed: 220,953 units (December 31, 2020: 148,193 units)	9,800	6,035

**Meezan Strategic Allocation Fund II - MCPP - VII**

Units issued: 109,863 units (December 31, 2020: nil units)	5,000	-
Units redeemed: 173,673 units (December 31, 2020: nil units)	7,700	-

**Meezan Strategic Allocation Fund III - MCPP - IX**

Units issued: nil units (December 31, 2020: 792,067 units)	-	31,200
Units redeemed: 93,542 units (December 31, 2020: 755,196 units)	4,350	30,497

## 11. TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund as at December 31, 2021 based on current period results is 3.55% (December 31, 2020: 4.09%) which includes 0.33% (December 31, 2020: 0.80%) representing government levies on the Fund such as Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Equity Scheme'.

## 12. 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 Fund has incurred net loss during the current period, therefore no provision for taxation has been made in these condensed interim financial statements.

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.

## 13. 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 tradeable in an open market are revalued at 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.

### 13.1 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 price (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 December 31, 2021 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

ASSETS	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
<b>Financial assets 'at fair value through profit or loss'</b>				
Shares of listed companies - 'ordinary shares'	848,104	-	-	848,104
As at June 30, 2021				
ASSETS	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>Financial assets 'at fair value through profit or loss'</b>				
Shares of listed companies - 'ordinary shares'	990,186	-	-	990,186



**14. GENERAL**

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

**15. DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on February 14, 2022 by the Board of Directors of the Management Company.

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

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**Chief Executive**

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**Chief Financial Officer**

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**Director**